

EIGHT PAGES  
FROM SUNDAY'S  
**The New York Times**  
WEEKLY REVIEW  
INSIDE TODAY

# THE JERUSALEM POST

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## Chairman of Senate probe into Iran arms sale cautions:

# Irangate report not conclusive

**Jerusalem Post Staff**  
**WASHINGTON** — Senator David Boren (Democrat, Oklahoma), the new chairman of the Senate Intelligence Committee, yesterday cautioned against a simplistic interpretation of the preliminary Senate report on the Iran arms deal and what it says about Israel's role in the affair and the diversion of funds to the Nicaraguan Contras.

"There is no doubt," he said, "that the Israelis supported the initiative and urged the U.S. to proceed. But in all fairness it is impossible to say if the idea to use profits from the arms sales to Iran in order to finance the Contras came from them. We know only what Lt. Col. North is reported to have said to Attorney General Edwin Meese."

The fact is that we know very little and that is why we should be very cautious when quoting the report. It is preliminary and fragmentary. It was never adopted, and it was drafted before many witnesses had been heard and documents studied. The final report might differ a lot from this one."

Senator Boren added: "Nobody can force the U.S. to do anything. Ultimately, it is our own responsibility."

In Jerusalem, the Shamir-Peres-Rabin troika yesterday dug in their heels in the Iranian arms affair. Prime Minister Shamir and Foreign Minister Peres face a difficult week, with close and unfriendly questioning expected in meetings of the Knesset Foreign Affairs and Defense Committee and of the inner cabinet.

Shamir yesterday reiterated in the weekly cabinet meeting that Israel was blameless in the affair and that it

had not initiated transfers of money from the Iran arms deals to the Contras.

Shamir, Peres and Rabin yesterday considered and rejected, a proposal that Israel come out with a new, sharp denial of the allegations that have resurfaced in the U.S. Foreign Ministry sources later said that the ministers decided that such a denial was "pointless," as these allegations had already been denied by Israel.

The Israelis and the Iranians ex-

ecuted a scam and the Americans were caught in it, like in Mark Twain's *Innocent Abroad*, sources quoted by *The Washington Post* reportedly said yesterday. "When one reads the Senate's report on the Iran-Contras affair," the same sources added, "one sees how American officials were naive and how Israeli officials and an Iranian middleman repeatedly pressured the White House to continue the arms shipment to gain the freedom of the

hostages, strongly suggesting after each failure that more arms would bring success."

In the last 48 hours, as leaks from the Senate report have multiplied, Israel's role in the affair, which previously seemed to be only marginal, has been placed very much in the centre of public interest and no amount of denials from Israeli spokesmen have altered that fact.

It is quite probable that many of the details in the report, based after

all on testimony from members of the administration interested in saddling Israel with as much responsibility as possible, are erroneous; and subsequent inquiries may, indeed, show them to be so.

But the fact remains that Israel repeatedly pleaded with the U.S. to be patient and to continue on a road that led the Administration to its present predicament. There are also the doubts expressed by Secretary of State George Shultz in a cable to former National Security Council head Robert McFarlane, cited by the Senate panel in its preliminary conclusions, that Israel was pursuing its own interests which were not identical with those of the U.S.

In the end there was also suspicion between the prime actors, with the Americans finding new contacts in

(Continued on Page 2, Col. 4)

## Unifil soldier dies in Israeli shelling

**By DAVID RUDGE**  
**Jerusalem Post Reporter**

A shell from an IDF tank accidentally killed an Irish Unifil soldier north of the security zone Saturday night when IDF forces fired on terrorists in the area, the IDF admitted yesterday.

Corporal Dermot McLoughlin, aged 33 and married with five children, died when a shell hit the Unifil command post in the village of Barashit and exploded in the room where he was resting.

Ireland has protested to Israel, and Defence Minister Paddy O'Toole said yesterday he was "dismayed, disappointed and disgusted" by McLoughlin's death.

"We now have direct involvement by the Israel Defence Forces. This was a deliberate attack on a United Nations post and has serious implications. I had it took place in the knowledge that because of our strict adherence to the peacekeeping role, fire would not be returned despite severe provocation," O'Toole said.

"The question of our future involvement is a decision that has to be taken in the light of what has happened in the past and what might be expected to happen in the future towards the resolution of the Lebanon problem." He said, "...I have grave doubts about the efficacy of our further involvement."

Unifil's commander, Maj.-Gen. Gustav Hagglund, in a strongly worded statement, said the region had been quiet at the time and the IDF shelling was unwarranted.

"I have vigorously protested this act to the Israeli authorities who undertook to conduct an urgent investigation," Hagglund said.

According to an IDF spokesman, an IDF force in South Lebanon identified a large terrorist squad near the Unifil outpost in Barashit and opened fire. In the ensuing shelling, McLoughlin was accidentally killed.

The IDF has launched an investigation into the "distressing incident," the spokesman said.

Defence Minister Yitzhak Rabin and Chief of General Staff Moshe Levy conveyed Israel's "sorrow and regret" to their Irish colleagues.

Unifil spokesman Timor Goksel said the incident occurred at 8:40 p.m. on Saturday when IDF troops, manning a South Lebanese Army stronghold, strafed Barashit with tank, mortar and machine-gun fire.

One of the tank rounds hit the

(Continued on Back Page)

## Spain's Premier calls for aid of support for int'l parley

**Jerusalem Post Staff**  
**and Agencies**

Spanish prime minister Felipe Gonzalez, whose country established diplomatic relations with Israel a year ago, had talks with Palestinian leader Yasser Arafat in Tunis yesterday on the situation in the Middle East.

He told a news conference that at a breakfast meeting with the PLO chief he reaffirmed Spain's support for an international conference aimed at finding a solution to the Arab-Israeli conflict.

During the hour-long talks at the home of Arab League secretary general Cheddi Klibi, Gonzalez said, he also stressed the role Europe had to play in the Middle East and the need for more dialogue between Europe and the Arab world.

The Spanish leader said Arafat's position remained that the PLO could accept an international Middle East peace conference on the basis of all UN resolutions dealing with the Middle East, including 242 and 338.

Gonzalez began an official visit to Tunis on Friday, and goes on to Egypt today.

Arafat has also turned down Egypt's latest attempt to secure the PLO's acceptance of Resolution 242 as a step toward its participation in an international Middle East peace conference, according to the East Jerusalem newspaper *Al-Quds*.

At a meeting with Arafat in Tunis, Egyptian special envoy Osama el-Baz urged Arafat to take the step by accepting the resolution and opening a dialogue with the U.S., the daily said.

## IN BRIEF

### Coloured S. African as envoy to Holland

**AMSTERDAM (Reuter).** — South Africa's first coloured (mixed race) ambassador, and its first non-white envoy ever named, arrived in the Netherlands yesterday amid criticism by the banned African National Congress (ANC) that he is a servant of apartheid.

Ambassador Frank Quint, 65, and his wife were welcomed by embassy personnel at a quiet airport ceremony. His posting to The Hague followed Pretoria's appointment of an Indian, Bhandra Ranchod, to the European Community in Brussels last September as its first non-white ambassador.

### Hussein to discuss W. Bank plan in Paris



Frenchman Gilles Picard stands dejectedly next to his burnt-out motorcycle after it caught fire during the sixth stage — from Tamanrasset in Algeria to Arlit in Niger — of the Paris-Dakar Rally.

## Sharon makes it happen at T.A. Fairgrounds

**By SARAH HONIG**  
**and JOSHUA BRILLIANT**  
**Post Correspondents**

**TEL AVIV.** — Industry and Trade Minister Ariel Sharon flexed his political muscles yesterday at the Tel Aviv Fairgrounds, where, nearly a year ago, rowdy muslims caused the abrupt disruption of the Herut convention. No agreement has yet been reached among past leaders on when to reconvene the convention.

Most of the participants at yesterday's event were the same delegates who attended the aborted convention. Attempting a show of strength, Sharon sent repeated personal invitations to his gathering to all 2,000 delegates to last year's convention. Rough esti-

mates yesterday put the number of those who had accepted and turned up at about 1,000. There were many others who showed up, too, bringing to between 2,000 and 3,000 the number of people at Sharon's political happening.

Unlike the disarray of last February's convention, the mood yesterday was festive, replete with music, food and cherry reunions around set tables which filled the auditorium. It looked like a cross between a noisy cafe and a large wedding reception.

Many of the delegates arrived from development towns and said they could not pass up an opportunity for a day in Tel Aviv, with food, drinks, political speeches

(Continued on Page 2, Col. 1)

## O'Connor hits back at Jews

**By WALTER RUBY**  
**NEW YORK.** — An angry John Cardinal O'Connor said yesterday that he was "keenly disappointed and discouraged" that his trip to Jordan and Israel has been criticized by the leaders of the principal American Jewish organizations, and contended that positive movement in Vatican-Israel relations "can be destroyed" by the Jewish criticism of his trip.

In a statement released by Morris Abram, chairman of the Conference of Presidents of Major American Jewish organizations, 33 major Jewish groups from all ends of the Jewish

(Continued on Page 2, Col. 2)

## The Importance of Being Ernest

**By PINHAS LANDAU**  
**Post Finance Reporter**

There were two Ernests on the board of Bank Leumi. The better-known by far was Ernest Japhet, the man who would not resign and was forced to relinquish his positions one by one under public pressure.

The other was an industrialist called Ernest Wodak, who still runs his main business, Aderet Textiles, in Herzliya. He was a board member from July 1982 until June 1986, when he alone among all the directors insisted on resigning in the wake of the Bejski Commission's report. In an interview with *The Jerusalem Post* yesterday, Wodak gave his story for the first time:

"In November 1983, in the immediate aftermath of the bank shares collapse, I tendered my first letter of resignation to the chairman. I wanted the entire board to resign. The others said that, although I was right in moral terms, it was simply not possible to resign at that time, given the state of the bank."

"They asked me to give the board and management a chance to rebuild the bank. There were discussions, with arguments on both sides. I didn't by any means reject their reasoning — what they said made sense."

"With me it was more a feeling than a rational



Ernest Wodak

(Oppa)

decision. I had the feeling that this was a matter of principle, and that in principle I was right. Maybe I'm a bit 'primitive,' but all my life I've worked on the basis that I should stick to my principles, even if the results cause inconvenience."

"So I saw it from the first as a moral issue, rather than a business issue that could be overcome in the way they suggested — by hard work, and pulling together and so on. As such, I said to them, 'You

can't win.' Today I have been proven right, but there's no pleasure of the 'I told you so' kind. They were, and are, my friends. I feel vindicated and saddened at the same time."

"The people on the board, who have all done many good things in various fields, didn't stay on just because they were 'stuck to their chairs.' They were really making a tremendous effort to put the bank back on its feet. In particular, Eli Hurwitz invested tremendous time and intellectual effort in this process — although he tended to agree with me about the moral need to resign, as did Dulzin."

[Emphasis Post.]

Wodak was asked about Jewish Agency chairman Aryeh Dulzin's role as governor of Bank Leumi. He said that Dulzin's attitude had not been an active one — "He did not take specific matters in hand." In fact, noted Wodak, Dulzin's role had varied "between being an observer to being the person who had the last word."

Asked for an example of when Dulzin had "had the last word," Wodak dredged up a case from memory, which involved preventing a change in the status of the Israel Land Development Corporation that was indirectly owned by Bank Leumi. But, he concluded, such examples of intervention were "very rare indeed."

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## Leumi crisis put on hold

### Bank of Israel ready to act

**By AVI TEMKIN**  
**Post Economic Reporter**

The Bank of Israel is ready to act immediately to prevent a crisis in the management of Bank Leumi should the wave of resignation in its board of directors continue, the governor of the Bank of Israel Michael Bruno said yesterday.

Bruno said the bank's stability had not been threatened, and defended his actions and those of the central bank during the crisis which was created by the revelations of excessive payments to Leumi's former chairman Ernest Japhet.

Bruno called a press conference for last night, intending to announce steps he would take following the anticipated resignation of Leumi's entire board of directors. A collective resignation would have cleared the way for the appointment of a new board, with the blessing of the central bank — a step that was expected to calm the storm surrounding Japhet's pension and severance payments.

However, a few hours before Bruno appeared at the press conference, Prime Minister Yitzhak Shamir and Vice Premier Shimon Peres asked Leumi's chairman Eli Hurwitz to stay on, putting the governor in a difficult position.

During the press conference he defended the prime minister's right to intervene in the crisis, and to persuade Hurwitz to remain in his post. Shamir himself had met with Bruno in the morning and had in fact urged him "to deal with the

(Continued on Page 7)

### Shamir, Peres urge board not to quit

**By PINHAS LANDAU and MICHAEL YUDELMAN**  
**TEL AVIV.** — Prime Minister Yitzhak Shamir and Vice Premier Shimon Peres both intervened yesterday in the Bank Leumi crisis to prevent Leumi chairman Eli Hurwitz and other board members from implementing their resignations as they had intended.

Leumi's board will reconvene tomorrow afternoon to renew its discussions. It is thought likely that Hurwitz and the others will eventually relinquish their posts — if not tomorrow, then in the near future.

The last-minute change caught all the parties in the Leumi crisis by surprise. A Bank of Israel press conference scheduled to follow the expected resignations was left devoid of content. Leumi's works committees are to meet today to consider their next steps.

Meanwhile, high above the fray, on the 21st floor of the Clal Building, the man considered most likely candidate for the Leumi chairmanship if it falls vacant — Clal managing director Aharon Dovrat — continued to deny that any official overtures had been made to him.

Well-placed sources, however, told *The Jerusalem Post* that Dovrat had indeed been sounded out. It is thought likely that he will accept the post if it is offered to him.

(Continued on Page 7)

### Mizrahi officials charged

The former managing director of Bank Mizrahi, Aharon Meir, and two other senior Bank Mizrahi officials were charged yesterday with embezzlement, fraud and breach of trust in connection with illegal transactions carried out in 1983 with the bank's "regulated" shares.

The charge sheet, presented by the State Attorney's Office to the Tel Aviv District Court yesterday, revolves around an agreement reached in February 1983 between Meir and Moshe Lavi, a director of an investment-counselling firm whose clients invested exclusively in Bank Mizrahi shares.

Following the collapse of the "free shares" market in January, 1983, Lavi sold all of his clients' Mizrahi

(Continued on Page 7)

### N. American Bank head jailed

Hadassah Monsah, former acting managing-director of the North American Bank, was sentenced by the Jerusalem District Court to five years' imprisonment yesterday for embezzling \$16 million from the bank.

The sentence followed a plea-bargaining in which Monsah confessed to 22 offences of forgery, fraud and breach of trust, and also undertook to cooperate with police and the Bank of Israel in their ongoing examination of the bank's activities.

As part of the plea-bargain, charges of theft were dropped. Monsah's attorney, Michael Kirsh, told the court that his client did not enrich herself with the monies in

(Continued on Page 7)

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|----------------|---------|---------|---------|---------|
|                | MIN.    | MAX.    | MIN.    | MAX.    |
| Amsterdam      | -12     | -10     | -10     | -8      |
| Berlin         | -10     | -8      | -8      | -6      |
| Buenos Aires   | -1      | 1       | 1       | 3       |
| Chicago        | -12     | -10     | -10     | -8      |
| Copenhagen     | -12     | -10     | -10     | -8      |
| Frankfurt      | -10     | -8      | -8      | -6      |
| Geneva         | -10     | -8      | -8      | -6      |
| Helsinki       | -12     | -10     | -10     | -8      |
| Hong Kong      | 12      | 14      | 14      | 16      |
| Johannesburg   | 12      | 14      | 14      | 16      |
| London         | -10     | -8      | -8      | -6      |
| Madrid         | -10     | -8      | -8      | -6      |
| Moscow         | -12     | -10     | -10     | -8      |
| New York       | -12     | -10     | -10     | -8      |
| Paris          | -10     | -8      | -8      | -6      |
| Rio de Janeiro | 12      | 14      | 14      | 16      |
| Sao Paulo      | 12      | 14      | 14      | 16      |
| Stockholm      | -12     | -10     | -10     | -8      |
| Tokyo          | 12      | 14      | 14      | 16      |
| Zurich         | -12     | -10     | -10     | -8      |

\*For the latest weather conditions contact Swissair.



## THE WEATHER

Forecast: Partly cloudy to clear.

|             | Yesterday's | Today's | Max |
|-------------|-------------|---------|-----|
|             | Humidity    | Min-Max |     |
| Jerusalem   | 59          | 4-11    | 12  |
| Golan       | 52          | 1-10    | 11  |
| Nahariya    | 47          | 5-16    | 17  |
| Safed       | 62          | 3-10    | 9   |
| Haifa Port  | 67          | 8-17    | 18  |
| Tiberias    | 58          | 6-17    | 18  |
| Nazareth    | 52          | 7-14    | 15  |
| Afula       | 59          | 6-17    | 18  |
| Shomron     | 56          | 6-12    | 13  |
| Tel Aviv    | 43          | 11-18   | 19  |
| D-G Airport | 42          | 10-17   | 19  |
| Jericho     | 32          | 11-18   | 19  |
| Gaza        | 42          | 11-18   | 19  |
| Beer Sheva  | 33          | 8-17    | 18  |
| Eilat       | 21          | 8-23    | 23  |

## SOCIAL & PERSONAL

Dr. David Matar will present a lecture on how to prevent accidents in the home and help a choking child, tomorrow (Tuesday), at 8 p.m., at the AACI Jerusalem branch, 6 Rehov Muna.

## ARRIVALS

The following Wizo Federation leaders, to attend the plenary session of the World Wizo Executive: Amalia Polek (Argentina), Fanny Hollander (Belgium), Doris Norden (Denmark), Synnove Schuch (Finland), Odette Kure (France), Hellen Israel (Germany), Lella Wynbourne, Brenda Katten, Carmel Wehber and Judith Goldkorn (Britain), Betty Heerle, Halberstadt and Freddie Marks (Holland), Sylvia Berzak and Veronica Feldman (South Africa), Charlotte Ellinger (Sweden) and Ruth Dreyfus (Switzerland).

Members of the American Jewish Committee Leadership Group visiting Israel: Theodore Ellenoff, Chairman of the AJC board of governors; Dr. David M. Gordin, AJC executive vice president; Daniel Marc Taubman, director of AJC's International Relations Department; Elson D. Comay, Lois Ellenoff, Edward E. Shon, Howard A. Gilbert, Barbara A. Gilbert, Alexander E. Holstein, Charlotte Holstein, Robert S. Jacobs, and Leo Nevas.

## ERNEST

(Continued from Page One)

Was Dulzin instrumental in forcing Japhet to resign in May 1986, after publication of the Bejski report? "In the last stage he was very active, because he realized that Japhet would have to go," Wodak recalled.

After Japhet's resignation as chairman and chief financial manager of the Bank Leumi group, "I pushed for the resignation of the whole board. This time, unlike in 1983, my ideas found more support, although they all tried to persuade me to stay on. But when it came to it, I was the only one to actually go through with the resignation."

Looking back, Wodak has no regrets about either serving on Leumi's board or resigning from it.

"I was very proud when they offered me the position of board member. I still am proud of that," he said.

He doesn't ascribe his resignation to foresight, although today, with hindsight, everyone knows he was right.

**ERONCOS.** — The Denver Broncos beat the Cleveland Browns by 23 to 20 in yesterday's American Football Conference playoff in Cleveland. The victory came in overtime.

**BASKETBALL.** — Maccabi Tel Aviv trounced Maccabi Ramat Gan 127-65 last night in the 17th round of the National Basketball League.

(Continued from Page One)

and media attention. Many admitted in conversations with *The Jerusalem Post* that their appearance yesterday did not mean that they would necessarily support Sharon in the event of a future showdown for the party leadership.

But they did say that Sharon was basically "a good guy," and that he had been "misunderstood" and "hounded" by the leftists, the press and even some among us in Herut, who'd like nothing better than to blame him for whatever ails the

**ECUMENICAL INSTITUTE FOR THEOLOGICAL RESEARCH**  
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Thursday, January 15, 1987  
by Dr. LANDRUM R. BOLLING  
Rector of the Ecumenical Institute, Tantar  
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In the Auditorium of the Institute at Tantar, commencing at 4:00 p.m. Tea will be served after the lecture.  
Ample space for parking. Buses 22 and 50 stop outside the Main Gate.  
The Institute is on the road from Jerusalem to Bethlehem, at the junction with the dual carriageway to Gilo.

## HOME AND FOREIGN NEWS

### Draft bans publication of suspects' names

# Cabinet won't shelve press bill

By ASHER WALLFISH and BENNY MORRIS

The face of Israeli journalism is to change with the cabinet's endorsement yesterday of a draft bill banning the publication of names of suspected legal offenders.

The cabinet rejected an appeal by Absorption Minister Ya'acov Tsur to shelve the proposed legislation, and allowed the bill, proposed by Tourism Minister Avraham Shari, last July after he was besmirched by the press.

The government proposal, which is now free to be tabled in the Knesset, would make it a criminal offence to name a suspect under investigation or detention until 30 days have elapsed, or the suspect has been charged in court.

The proposal provides for the

court to permit publication at the request of the attorney-general.

Tsur, who was supported in the cabinet yesterday only by Communications Minister Amnon Rubinstein and Energy Minister Moshe Shahal, argued that the bill, if passed into law, would harm the press and would be interpreted by the public as an effort to protect prominent lawbreakers. Coming against the backdrop of the Bank Leumi affair, Tsur said, the proposed legislation showed "insensitivity" by its authors.

Tsur, while criticizing the press for its occasional lapses, said that the media had recently served a major and positive function in protecting Israeli democracy through investigative reporting (the Shin Bet affair).

But he said the press, through the Press Council, should learn to regulate itself and curb its excesses.

Tsur said that the press law would prove ineffective as the media would simply indulge in a new journalism of "hunts" and "rumour-mongering."

Shahal proposed that Israel adopt the British system, of compelling the press to give equal space and prominence to the original suspicions and the results of inquiries.

Science Minister Gideon Patt and Transport Minister Haim Corfu spoke for the bill, arguing that the press had lately blackened the reputations of various public figures. Patt cited the case of Jerusalem district representative Rafi Levy.

Shamir limited the debate to two ministers speaking for each side.

Rubinstein told *The Jerusalem Post* last night: "The government draft is far too drastic and goes to extremes. The law should have more power to protect a person's good name, admittedly, but not so much power."

He said his Shinui faction would table an alternative version empowering the judge to permit publication of the suspect's name, after remand but before the suspect is charged; it would also entitle the media — and not only the attorney-general — to request publication.

Corfu told *The Post* that in countries with a long and respected democratic tradition such as Britain and the U.S. the ban on publishing a suspect's name was accepted without question.

### Nakash court case

## Probe asked of Israeli deaths in French jails

By MENACHEM SHALEV

Jerusalem Post Reporter

William Nakash's attorney, Roland Roth, yesterday called on Prime Minister Yitzhak Shamir to establish a judicial commission of inquiry to investigate the "unnatural deaths" of three Israelis in French prisons.

Roth yesterday presented affidavits about the alleged deaths to the High Court of Justice, which convened for the third time to hear arguments for and against Justice Minister Avraham Shari's December 4 decision not to extradite Nakash to France. Nakash is wanted by French authorities for the 1983 murder of an Arab in Besancon.

One affidavit was submitted by Shlomo Vidal, who claims that his brother Morris was killed in a Paris jail in 1983 by Arab inmates. Sol Ben Naim of Netanya claims that her 21-year-old son Zion was murdered in a French jail in 1982. Roth also referred to an alleged suicide by a Patah Tikva man, also named Nakash.

Most of yesterday's five-hour session, however, was devoted to arguments against Shari's decision submitted by attorney Avraham Gal, who represents MKs Shulamit Aloni

and Dedi Zucker of the Citizens Rights Movement, as petitioners.

Gal charged that Shari had "concealed" from the courts his discussions on the Nakash matter with the French justice minister and a telegram received from Israel's ambassador in Paris in which he warned against failure to extradite Nakash.

Gal said that Nakash was holding his wife Rina "hostage" by refusing to grant her a *get* (bill of divorce) and thus using her fear of remaining an *agunah* (a deserted, undivorced woman) as a means of preventing his extradition.

Professor Shimon Shitrit, representing 11 Hebrew University professors, argued that the conditions in French jails, and thus, the dangers possibly awaiting Nakash there, lay outside the scope of the justice minister's discretion as detailed in the Extradition law.

Shitrit also cited Attorney-General Yosef Harish's strenuous objections to Shari's decision. But Supreme Court President Meir Shamgar, himself a former attorney-general, said that in matters of extradition the minister was not bound by the attorney-general's opinion.

The court will meet at a later date for a fourth and probably final session.

the same range when others — who can cheat in money and not only in time — begin to examine the possibility of cheating, and some actually begin to do so.

Interestingly enough, Finance Minister Moshe Nissim wants the maximum rate to be 45 per cent. Eli Hurvitz, an industrialist and former president of the Manufacturers Association, now chairman of the Bank Leumi group, wants to drop it to 35 per cent, or even 30 per cent.

When income taxes pass the 50 per cent mark and the taxpayer becomes an equal partner with the government, if a silent one, then thoughts of cheating dominate most thinking except for the honest minority. One can improve his income just as much by cheating as by working and producing. Thus, any tax above 49 per cent becomes non-productive because generally, the costs of collection (unless taxes are deducted at source) are prohibitive.

This group also find ample justifications. They are frustrated "silent" partners with the government, "silent" for many citizens feel they

are not getting their share.

THEY who cheat on their income taxes are rarely seen as criminals; more often they are considered heroes. If they get caught, they are pitied for their bad luck. But since they can buy their way out in most cases by paying a "ransom" to the government, little stigma besmirches their names. This is especially true since their "ransom" is often below the true sum they should have paid in income tax.

And most Israelis, according to this mini-poll, consider themselves good citizens. "Being patriotic means fighting for your country, killing for it, perhaps even getting wounded and dying for it." But they draw the line at being "bled to death for it by the bureaucrats."

The amount of black capital accumulated by all these persons runs from several billion to many billion dollars. No one knows the true figure. A Histadrut study some years ago indicated that one-third of the GNP was underground. This figure is ridiculed by others who place it between 10 to 15 per cent.

YOUTH Aliya head Uri Gordon presents Knesset Speaker Shlomo Hillel with a cake of the Knesset prepared by Ethiopian immigrant children at the Hofim youth village. Hofim won the Knesset Speaker's quality of life prize for its role in absorbing Ethiopian youngsters and fostering Ethiopian Jewish traditions.

(Dekel)

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(Dekel)

## O'CONNOR

(Continued from Page One)

political and religious spectrum said they were "disquieted and distressed" by O'Connor's statements of concern for the Palestinians, and said they found "disturbing and painful" O'Connor's statement at Yad Vashem that the death of millions of Jews in the Holocaust "may be an enormous gift that Judaism has given the world."

Speaking to reporters after delivering a mass at St. Patrick's Cathedral, O'Connor, who returned here on Saturday after several days of discussion with Pope John Paul II and other high Vatican officials in Rome, commented, "I must confess deep, deep disappointment to be told...that in effect a censure has been issued by so many groups."

Stressing that he has long been a defender and supporter of Jewish causes, O'Connor remarked, "I hope there is nothing in this statement that will make it more difficult than it has been for me to support the Jewish cause, because I don't want any further difficulty. I am not a masochist. I have a huge archdiocese to take care of, and I don't need this kind of thing when in good faith I run the risks that I have run with my own church and with many non-Jews to make this trip and to say the things I have said."

According to O'Connor, "It would be my judgment in terms of the future of Vatican-Israel relations that my trip could produce a great deal of fruit, (but) that fruit can be destroyed by the kind of statement (issued by the Jewish leaders)."

Asked what kind of fruits he was referring to, O'Connor only said there had been a "clarification of issues" between Israel and the Vatican. He said that the Pope sees the issue of Israel-Vatican relations as "a serious matter," but will not be bludgeoned or threatened (into establishing relations with Israel).

O'Connor, who said that the Pope had been "keenly interested" in his report from Israel and Jordan "...was not the slightest bit con-

## IRANGATE

(Continued from Page One)

cerned about the way I conducted myself...and was glad I made the trip." O'Connor said that reports that the Holy See hates Israel are "a travesty and a calumny."

Seeking to explain his remark that the Holocaust had been a "gift," O'Connor said forcefully, "I see the suffering of the Jewish people (during the Holocaust)...as a tremendous gift to the world, because they accepted and absorbed (the Holocaust)."

"Many went nobly to their deaths. I see it as a gift in which I cannot begin to explain. If this is considered demeaning to the Holocaust, then it demeans my entire theology, because mine is a theology of suffering...I meant that as a tremendous compliment to the Jewish people..."

Reacting to the Jewish criticism of his sympathetic statements toward the Palestinians, O'Connor replied, "I said repeatedly (the Palestinian problem) cannot be blamed on Israel, that the whole area is involved and responsible...We cannot keep hearkening back to 1948. Since then many opportunities have been missed, and Arabs as well as Jews are going to have to take responsibility for the Palestinians."

O'Connor said that the Jewish leaders' attack on him represented "a refusal to say, 'Let's look at the problems...I didn't find that refusal the part of Shimon Peres, whom I respect tremendously, who I have the impression of a man who I want to sit and address problems.'"

In a slap at the Jewish leadership, O'Connor said that he would be willing to meet with them "en masse," but did not have the time to meet with them individually, especially since "too often I find the groups are not in consonance with each other, and I have to explain our position over and over again." In the past, O'Connor has met individually with a number of prominent Jewish leaders.

Asked if he would go to the Middle East again, O'Connor responded, "Not under the present circumstances."

well, and the applause was thunderous.

He went on to lament the "slackening of conviction in the exclusive Jewish right over all of Eretz Yisrael, and the erosion of national pride. This is what leads to the weakening of the state more than any security or economic problem."

Other symptoms of the country's ills were "corruption everywhere and the fact that Jews were afraid to go even to places within what once was the Green Line." He said terrorist organizations had in the past two years murdered 66 people in Israel and abroad and wounded over 400. The terrorists "employ a variety of front organizations, including trade unions, youth movements, and so on, which should be shut down, including, if need be, universities."

Sharon's aides told *The Post* that the event had cost some NIS 15,000, and that most of the participants had chipped in to foot the bill — "each according to what he could afford."

## SHARON

(Continued from Page One)

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# Rafi Levy court case opens today

The trial of the Interior Ministry's Jerusalem district representative, Rafi Levy, and of Khalil Janko of Ramallah, is scheduled to open in the Jerusalem District Court this morning. Seventy-five witnesses are expected to testify for the prosecution.

Levy will respond to 11 charges, of receiving bribes, making illegal foreign currency transactions, and suborning witnesses. Janko is being charged with giving bribes and making illegal foreign currency deals.

At today's hearing, district court judge Dalia Dorner will also decide whether to extend Levy's remand until the end of his trial or release him on bail. The actual trial sessions are expected to begin in several weeks.

Four additional charges against Levy were filed with the court yesterday. The first deals with a building permit for a swimming pool granted to Simon Peretz, the owner and manager of Mt. Zion Hotel in Jerusalem's Abu-Tor, neighbourhood. Levy is charged with granting the permit on a full day's work at the institute and on the income tax on his moonlighting. And he once was an honest citizen.

The black money takes one of two routes: either it remains in Israel and is spent immediately for property and goods, includes helping children to buy flats and cars, or it becomes what is called *patam balatot* — foreign currency under the floor tiles — which is a generic term for money kept in small safes in the house, safe deposit boxes in banks, and so on.

(Incidentally, a prominent banker told us only a month ago that a huge quantity of "patam balatot" was beginning to surface — "there can be no other explanation for there are so few tourists here" — and was being brought to the banks to be exchanged for shekels. But this flow of black money being laundered dried up when talk, and rumours, about all sorts of new taxes started when Finance Minister Moshe Nissim was formulating his new economic plan.)

The second route is to take the money abroad. It is not difficult to transfer money out of Israel. In Saleh Abdel Jawad had been held in prison since December 4. He was arrested at an army roadblock near the campus and accused of inciting students to block the road and throw stones at soldiers. Faculty eyewitnesses have maintained that Abdel Jawad called on students not

to throw stones at troops and to allow vehicles to pass.

In the Nablus military court yesterday the prosecution dropped all charges of incitement. Abdel Jawad was convicted of "disturbing soldiers in the discharge of their duty" by refusing to present his ID card, and failing to call on students to stop their sit-in at the roadblock.

Abdel Jawad, who pleaded guilty, was given a retroactive sentence equivalent to the time he spent in jail, and fined NIS 2,500. He also received a five and a half months' suspended sentence.

Abdel Jawad called on students not

## Path threat

"I see nothing wrong in contacts with Jordan, and I will continue them in an effort to develop my town," Freij told *The Jerusalem Post*. "I'm not going to change my political positions."

Freij cited recently published assessments by Israeli security officials that Fatah may be planning assassinations of pro-Jordanian figures in the territories, in order to demonstrate its viability in the areas and its opposition to the growing Jordanian influence there.

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## IDF copters hit S. Lebanon

Jerusalem Post staff

SIDON. — Three Israeli helicopter gunships machine-gunned dirt roads around four villages in South Lebanon yesterday, apparently as part of measures to counter attacks by pro-Iranian Hizbullah gunmen. Sidon police reported.

They said the helicopters strafed the tracks around the Shi'ite villages of Haris, Haddatha, Kafra and Ya'atar in the central border area, but inflicted no casualties.

An Israeli military spokesman

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## Dissident Egged members

cause uproar at meeting

By KEN SCHACHTER

For The Jerusalem Post



# Iranian missiles blast Baghdad, Iraq hits back with raid on Qom

**NICOSIA (AP).** — Iran launched missile attacks yesterday against Iraq's capital of Baghdad and the southern port city of Basra. Iraq claimed it countered with a "devastating" air strike on Ayatollah Ruhollah Khomeini's holy city of Qom.

Three fighting was also reported for the third straight day on the ground with communiques from both sides indicating Iranian forces were still on the offensive in southern Iraq near Basra.

Tehran radio claimed Iranian troops killed or wounded 14,000 Iraqis and captured 1,000 prisoners, of war since the offensive, code-named Karbala-5, began early Friday.

An anonymous Iraqi field commander quoted by Iraq's official news agency claimed Iran lost 250 tanks in heavy overnight fighting and that Iranian casualties included at least 5,000 dead.

The claims could not be substantiated because neither side allows foreign correspondents into the battle zones on a regular basis.

Iraq had threatened to launch a year-ending offensive before the Iranian new year of Nooruz, on March 21. Iran's strategy appeared to be capturing or surrounding Basra, Iraq's second largest city with a population of about 1 million.

Western analysts have suggested a successful move to isolate Basra from Baghdad could provoke a collapse of army morale and threaten Iraqi President Saddam Hussein's government.

On the southern war front, Iranian forces that crossed the international border early Friday appeared to be holding onto a swath of Iraqi territory despite repeated Iraqi counterattacks, communiques from both sides indicated.

Prime Minister Hussein Musavi said after an Iranian cabinet meeting that new victories were achieved and "the Moslem combatants of Iran have achieved all their pre-determined objectives."

He was quoted by the state-run news agency as saying that despite the support of all big powers for the Iraqi government, "the Islamic Republic of Iran has so far fought the enemy and stands on the threshold of defeating him."

A member of Iraq's general command was quoted by the official news agency as saying Iranian troops were pinned to a very narrow area of about 10 square kilometres.

The commander said that Iraq's forces "are now in full control of the military situation" and

claimed the invasion force made up of several divisions "began collapsing."

"All bids by Iranian troops to expand the foothold they gained in that narrow area were foiled by Iraqi formations," the commander said, adding that Iranian troops were in an open area allowing Iraqi helicopter gunships and jet fighters to operate freely.

Iraq reported its planes bombed Qom on Saturday and again yesterday, and Baghdad's official news agency called the second attack a "devastating raid."

These were the first Iraqi claims of bombing Qom, religious capital of Khomeini's Shi'ite Moslem clergy rulers, since the so-called "War of Cities" in March, 1985. The outskirts of the city were bombed in the early days of the six-year-old war.

Iraq reported earlier that Iraqi planes flew over Qom, 140 km. south of Tehran, but said bombing runs were foiled by Iranian fighters and anti-aircraft missiles.

Iraq's official news agency claimed four Iraqi jets were downed, bringing to 25 the number shot down in the past two days.



Chinese soldiers on the Sino-Vietnamese front during recent fighting, in a picture published by the People's Liberation Army Pictorial in its December, 1986 issue. (AFP)

## A-arms truck skids in UK

**SALISBURY (AP).** — A 20-ton military truck, possibly carrying nuclear weapons, was righted onto its wheels by a large crane yesterday morning after it skidded off an icy country road near a weapons depot in Western England, the Ministry of Defence said.

The huge truck had been lying on its side in a field since the accident Saturday afternoon. It was part of a military convoy.

The ministry refused to say what the truck was carrying or where it was going, citing "security reasons," although it stressed there was no danger to the public. Police and Royal Marines sealed off the road immediately after the accident.

Anti-nuclear campaigners and local residents speculated the truck was carrying nuclear weapons from the Aldermaston plant 56 kilometres away to the Royal Navy's Dean Hill armament depot at West Dean, 19 km. east of Salisbury.

Martin O'Neill, a defence spokesman for the opposition Labour Party, said he would demand a government statement today in the House of Commons on the accident. If the truck was carrying nuclear weapons, he said, it would be "one of the most serious involving nuclear material ever to be made public" in Britain.

Britain's domestic Press Association news agency quoted an unidentified nuclear weapons expert as saying anti-submarine nuclear depth charges are stored at Dean Hill.

"It would seem that this convoy was taking nuclear weapons from Aldermaston to the Dean Hill base," O'Neill said.

The convoy was being monitored by the Campaign for Nuclear Disarmament, said William Peden, a member of the group.

## Spain's Premier tells Arafat of support for int'l parley

**Jerusalem Post Staff and Agencies**

Spanish prime minister Felipe Gonzalez, whose country established diplomatic relations with Israel a year ago, had talks with Palestinian leader Yasser Arafat in Tunis yesterday on the situation in the Middle East.

He told a news conference that at a breakfast meeting with the PLO chief he reaffirmed Spain's support for an international conference aimed at finding a solution to the Arab-Israeli conflict.

During the hour-long talks at the home of Arab League secretary general Cheddi Klibi, Gonzalez said, he also stressed the role Europe had to play in the Middle East and the need for more dialogue between Europe and the Arab world.

The Spanish leader said Arafat's position remained that the PLO could accept an international Middle East peace conference on the basis of all UN resolutions dealing with the Middle East, including 242 and 338.

Gonzalez began an official visit to Tunisia on Friday, and goes on to Egypt today.

Arafat has also turned down Egypt's latest attempt to secure the PLO's acceptance of Resolution 242 as a step toward its participation in an international Middle East peace conference, according to the East Jerusalem newspaper *Al-Quds*.

At a meeting with Arafat in Tunis, Egyptian special envoy Osama el-Baz urged Arafat to take the step by accepting the resolution and opening a dialogue with the U.S., the daily said.

## Rebel hides 8 years — unaware war is over

**HARARE, Zimbabwe (AP).** — A guerrilla fighter spent the past eight years in a mountain cave, unaware that Zimbabwe's war for independence ended in 1980, the country's largest newspaper reported yesterday.

The *Herald* said that William Bonga, whose nom de guerre was "Comrade Disaster," took refuge in a cave in the eastern highlands in 1978 and spoke to no one until hunters found him last November.

The newspaper said Bonga had been a guerrilla of the Zimbabwe African National Union (Zanu) which took power in the 1980 elections after a seven-year war for black-majority rule in the former British colony of Rhodesia.

Bonga said he joined the rebels at a camp in Mozambique in 1977 and crossed the border on his first mission in 1978.

"There was a heavy storm one day soon after we crossed (the border) and we dispersed in different directions to seek shelter," Bonga said. He lost his rifle while struggling through the bush and took refuge in the cave, venturing out only at night to forage for food because he feared he would be caught by Rhodesian security forces.

Throughout his years in the cave, he thought the war was continuing because he heard gunshots from a nearby military firing range.

## Moscow sees light at end of Afghan tunnel

## Soviets believe war almost over

**By ANDREW WILSON**

**MOSCOW.** — The sudden arrival of Soviet Foreign Minister Eduard Shevardnadze in Kabul last week has further quickened hopes of an imminent end to the seven-year-old Afghan war.

Shevardnadze's last move in the matter was to receive a high-level official from Pakistan, whose agreement to end military support from the rebels is a precondition of any Soviet withdrawal.

Abdul Sattar, the Pakistani Foreign Ministry secretary, visited Moscow last month, and last week Pakistani Foreign Minister Sahabzada Yaqub Khan said that any change in Moscow's position over the withdrawal of the 115,000 Soviet troops in Afghanistan would "be reciprocated" in Islamabad.

No matter what may be said by Afghan rebel spokesmen in Peshawar, here in Moscow there is now a distinct feeling, amounting almost to conviction, that the fighting is almost at an end.

Behind Soviet confidence in a successful outcome of the Afghan government's offer of a ceasefire, to begin on January 15, three developments stand out:

(1) A perception that the war is now causing Pakistan grave discomfort, due to the destabilizing presence of some three million Afghan refugees in the north-west frontier region;

(2) Satisfaction at several defeats inflicted on the frequently divided Mujahadeen (rebel) forces last summer and autumn; and

(3) Confidence in the ability of the new Afghan government leader, Najibullah, to divide the anti-communist opposition by first bringing unarmed and "neutralist" elements into a government of national reconciliation, leaving hardline rebels isolated.

Moscow's intention of achieving a settlement has been clear since a general shake-up of foreign policy last August.

The cost of the military operation is not the main reason for the current development; in fact, Afghanistan has proved a welcome theatre in which to learn much-needed lessons in counter-insurgency warfare.

Nor is it predominantly due to popular dissatisfaction with the war — though the prospect of sons being drafted for service in Afghanistan has been a constant nightmare for Soviet parents.

The over-riding Soviet interest in ending the war is simply to free a stumbling block in Soviet foreign policy with the Islamic world.

The first pointer to an end was the stepping down last May of the Afghan People's Democratic Party leader, Babrak Karmal, and his replacement by Najibullah.

As a former security chief, Najibullah has all the makings of the

"strong man" who alone is capable of making the concessions necessary to bring about peace.

On paper, his programme of national reconciliation is flexible and wide-ranging and allows opposition groups to operate openly.

Afghanistan clearly needs peace, and Moscow wants a friendly buffer state with which to protect its sensitive southern frontier. The invitation has been extended to Kabul's opponents in exile.

For more than a year no efforts have been made to secure the support, or at least toleration, of Islamic leaders but a resolution by the governing revolutionary council has now declared Islam as the national religion under Article Two of a new constitution.

That the Afghan people are heartily tired of the war, few can doubt. Reliable figures are scarce, but Najibullah himself has spoken of a conflict that has left thousands dead and wounded and, with 500,000 men under arms — out of a population of 15 million — half the national budget has been absorbed by the war.

Western sources now put Soviet casualties at 30,000, including 10,000 dead, but this could be somewhat exaggerated.

As if to make a break with earlier leaders, Najibullah said: "We are not the same people of eight years ago, everything changes. Many things which were at one time important have now, with time, lost their importance."

The ceasefire is set to last six months, if it is also observed by the rebels, whose leaders have been offered safe passage to return for talks on reconciliation.

It has already been rejected by Mohammed Nabi Mohammedi, spokesman for an alliance of the seven main guerrilla parties — but whether that will be the last word, the next weeks will show. (Observer News Service)

## IN BRIEF

### Coloured S. African as envoy to Holland

**AMSTERDAM (Reuters).** — South Africa's first coloured (mixed race) ambassador, and its first non-white envoy ever named, arrived in the Netherlands yesterday amid criticism by the banned African National Congress (ANC) that he is a servant of apartheid.

Ambassador Frank Quint, 65, and his wife were welcomed by embassy personnel at a quiet airport ceremony. His posting to The Hague followed Pretoria's appointment of an Indian, Bhadrachandran, to the European Community in Brussels last September as its first non-white ambassador.

### Hussein to discuss W. Bank plan in Paris

King Hussein of Jordan begins a three-day state visit to France today during which he is expected to discuss European funding for his plans to channel development aid to the territories.

French officials say Hussein's \$1 billion five-year plan for the territories is likely to be a central theme of his talks with President Francois Mitterrand and other officials.

Authoritative Jordan sources in Amman said Hussein would seek French support for an international Middle East peace conference.

### Berri sets terms for airman's release

**DAMASCUS (Reuters).** — Lebanese Shi'ite Moslem Amal militia leader Nabih Berri said yesterday he would not negotiate the release of an Israeli airman captured last October until Israel had pulled all its troops out of South Lebanon.

He told a news conference in Damascus that "Israel holds hundreds of Lebanese, and the International Red Cross had not been able to see them."

The Israeli navigator, who has not been named, was captured by Amal fighters after his F-4 Phantom jet exploded after a malfunction during a raid on Palestinian positions near Sidon. He is one of six Israeli airmen officially listed as missing in Lebanon.

### Syrian Vice-President leaves for China

Syrian vice-president Abdel-Halim Khaddam left for China yesterday on the first visit by a senior Syrian delegation to the Peoples Republic, official sources said.

Khaddam was accompanied by Economy and Foreign Trade Minister Mohammed Imadi and Minister of State for Foreign Affairs Issam al-Naeb. They were expected to discuss Middle Eastern and international problems with Chinese officials, as well as the development of bilateral relations, the sources added.

### Maltese communists

**VALLETTA (AP).** — Malta's Communist Party said yesterday it will run in the island's general elections this year — tentatively set for May 9 — the first time the party takes part in the polls since it was established in 1969.

In the last general election in 1981 the party instructed its supporters to vote for the ruling Socialist Party.

**DRIVERS.** — Twenty-five motorists caught by police staging races along the Corniche Road in Jeddah were lashed in public last Friday for "endangering the lives of innocent citizens," the Saudi Gazette newspaper reported yesterday.

## 48 deaths reported in USSR

## Killer cold sweeps Europe, but Finns won't give up sauna

**LONDON.** — A killer cold snap is sweeping across Europe with 48 people dying in the Soviet Union and the Swedish Army called out to reach thousands of isolated homes at the week-end.

The Finns, inventors of the sauna, were asked to do without their usual week-end sessions to conserve desperately needed power, but many ignored the appeal and emerged pink and steaming from the hot wooden cabins to roll naked in the snow or swim in ice holes.

Record low temperatures were reported, with eastern Siberia the coldest recorded place to be at minus 60 degrees C.

The temperature in Helsinki Saturday dropped to a record for the century of minus 34.3 C.

Soviet media said 48 people had died in fires caused mainly by defective heaters in the country's coldest January since 1950. The cold has also started to hit the already troubled Soviet economy, boosting the demand for fuel while gales cut electricity supplies and disrupted production at several gas and oil plants in western Siberia, according to Moscow Radio and Tass news agency.

The cold caused two deaths in Sweden Saturday when a passenger train ploughed into a railway engine at Stode station, north of Stockholm apparently because a frozen switch had diverted the train to the wrong track.

In Munich, West Germany, police said a 34-year-old homeless man "probably froze to death" while sleeping under a bridge on the coldest night this winter.

Cold-related deaths were also reported in Poland,

Spain and Norway. Eastern England and Scotland were hit by snow, and an overnight low of minus 10 C. was reported at Holme Moss, in north-west England. Dozens of elderly people were reported suffering from hypothermia.

Outdoor sports were cancelled or postponed across most of Europe. In England, 23 soccer matches and two horse races were called off.

Six airports remained closed in northern Italy because of snow. They were Bologna, Treviso, Verona, Venice, Trieste and Forli.

Swedish army units equipped with rough-terrain vehicles took food and medicine to isolated homes throughout Sweden. One of the worst-hit areas was the south-eastern island of Oland, where thousands of homes were cut off by snowdrifts.

Police in Britain said sheet ice was making motorways treacherous and causing a large number of accidents, including 10 in one 25 km. stretch east of London yesterday.

In West Germany, the 300 villagers of Eissel who were first surrounded by water after heavy rain are now trapped by ice. They are reported to be using traditional methods of combating hypothermia and boredom.

"There are going to be a lot of babies born here in nine months' time," the *Bild am Sonntag* newspaper quoted the village mayor as saying.

But for those seeking outdoor recreation the place to be was Lisbon, which yesterday basked in brilliant sunshine. (Reuters, AP)

## Chad claims Libyans flee after clashes near border

**N'DJAMENA (AP).** — Libyan

Troops and Chadian forces fought several skirmishes in northern Chad Saturday, the government said yesterday and the Libyan fled,

"leaving on the battlefield many corpses and wounded."

It made no reference to Chadian casualties.

An armed forces statement said the clashes occurred near Yebbi-Bou, east of Bardai near Chad's border with Libya.

Two Libyan T-55 tanks and a truck were destroyed, and another truck captured, the statement said.

France's Armed Forces Chief of Staff, Gen. Jean Sautnier, wound up a hasty re-evaluation mission to Chad on yesterday acknowledging that there is "uncontestedly a new situation" after the Libyan offensive in the north, which began last month.

The Libyan attacks, beginning Dec. 11 in Chad's Tibesti mountains, were aimed at suppressing the forces

of former president Goukouni Oueddei, who broke with Tripoli and rallied to the N'djamena government of President Hissene Habre.

The Libyan offensive apparently has stalled and government troops have scored some successes, notably the taking of the northern town of Fada on January 2.

Sautnier told reporters he was returning to Paris to report his findings and make recommendations. He would not say what these will be.

"The situation has evolved a lot," Sautnier said. "We have not forbidden ourselves to go above the 16th parallel."

France has a contingent of 1,400 troops in Chad but has stayed out of the fighting, saying the conflict is a Chadian affair. However, it has pledged to retaliate for any Libyan military activity below the 16th parallel, which has divided the country between Libyan-occupied north and government-controlled south.

## Weizsaecker flays view that Germans forget Nazi past

**BONN (Reuters).** — West German President Richard von Weizsaecker has spoken out strongly against the view that the time has come for West Germans to forget about the Nazi past, the newspaper *Die Welt* reported yesterday.

"Just as it is nonsense to demand that we all wear hair shirts, so too is it irresponsible to ask that we draw a line beneath the past," it quoted him as saying in an interview for today's edition.

"We would be doing the worst possible disservice, particularly to youth, if we were to do that."

Von Weizsaecker, a Christian Democrat, did not direct his comments at any one party, but his warning contrasted with a call by Bavarian Premier Franz Josef Strauss, who told a campaign rally for West Germany's January 25 election last week that the country should "finally step out of the shadows of the Third Reich."

## The New Liberalism

### The Independent Liberals The Liberal Center Shinui - The Center Party

Invite the public to the **First Symposium** that will take place at the Dr. Ferder Liberal Institute in Tel Yitzhak on Saturday 17.1.87.

#### Itinerary

10:00-10:30 - Coffee Reception

10:30-12:30 - Free Enterprise in a Liberal Economy. Participants: Yitzhak Berman (chairman), Gideon Erhard, Yehudah Sha'ari, Yerachmiel Shrem.

12:30-13:30 - Lunch

13:30-15:30 - State and Religion. Participants: Yitzhak Barkai (chairman), S.Z. Abramov, MK Yitzhak Arzi, Yehoshua Porat.

The audience will be invited to participate in the discussion. Those interested in participating in the Symposium should register at one of the Party offices.



**The Independent Liberal Party:**  
48 King George St. Tel Aviv Tel. 287171



**The Liberal Center Party:**  
El Al building, 32 Ben Yehuda St. Tel Aviv Tel. 280843



**Shinui - The Center Party:**  
19 Levontin St. Tel Aviv

The Symposium will be conducted in Hebrew

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- 10.2.87 — Broadcasting Media: Philip Gillon, The Jerusalem Post
- 17.2.87 — Archeology: Prof. Amnon Ben-Tor, The Hebrew University
- 24.2.87 — The Visual Arts: Dr. Martin Weyl, The Israel Museum
- 3.3.87 — Theatre: Dr. Freddie Rokem, The Hebrew University
- 10.3.87 — Music: Abe Cohen, Impresario
- 17.3.87 — Architecture: Arthur Spector, Architect
- 24.3.87 — Writing in Israel: Yehudah Amichai, Poet
- 31.3.87 — Education: Dr. Eliezer Shmueli, Educator
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## Opening Crossfire

### The First Week On Capitol Hill

Select committees were established in both houses to investigate the sale of weapons to Iran and the diversion of money to the Nicaraguan rebels, or contras. Hundreds of bills were introduced.

#### The House of Representatives

Jim Wright, the Texas Democrat, was elected Speaker.

A Clean Water Bill identical to one President Reagan vetoed last year was passed, 406 to 8. The Senate is expected to approve it soon.

Democrats voted to depose Les Aspin of Wisconsin as chairman of the Armed Services Committee. Proponents of the seniority system resented his campaign against the incumbent chairman two years ago, conservatives found him too liberal and liberals criticized his support for a compromise on MX missiles and for aid to the contras. Mr. Aspin will get a second chance at the chairmanship when the Democratic caucus votes again Jan. 23.

#### The Senate

Committee hearings began on the Administration's budget proposals. Hearings on trade and Iran policies were scheduled for this week.

Republicans on the Foreign Relations Committee voted, 7 to 0, to name its former chairman, Richard G. Lugar of Indiana, as the ranking Republican on the committee. He defeated Jesse Helms, a North Carolina conservative, despite Mr. Helms's claim to seniority. The contest will be decided by a vote of all 45 Senate Republicans this week.

## The 100th Congress Is Full of Partisan Risk

By DAVID E. ROSENBAUM

WASHINGTON — At the outset of the 100th Congress last week, the leaders tried to strike a bipartisan chord. The new Democratic Speaker, Jim Wright of Texas, told the House of Representatives, "We seek not confrontation but cooperation." At almost the same moment, Bob Dole of Kansas, the Republican leader in the Senate, was saying, "It is necessary that we start off on a totally nonpartisan, bipartisan basis."

But even before the new Congress convened Tuesday, heavy partisan crossfire had begun on what is almost certain to be the dominant issue this year — the investigations of the Reagan Administration's arms sales to Iran and the subsequent channeling of profits to the rebels in Nicaragua.

Moreover, Democratic lawmakers, in complete control of Congress for the first time in six years, made it clear that they planned to challenge President Reagan on other crucial foreign policy matters as well, including official Government aid to the Nicaraguan rebels, arms limits, military spending and further sanctions against South Africa.

In its last official act under the Republicans, the Senate Intelligence Committee met Monday night to review a long report on its three-week investigation last month into the Iran-contra affair. The report had been pre-

pared by the Republican staff and reviewed by the White House, which urged its immediate publication.

Democrats called the report fragmentary, noted that key figures like Lieut. Col. Oliver L. North and Vice Adm. John M. Poindexter had refused to testify, said the White House had been permitted to "sanitize" the findings and demanded that the report not be released. In the end, one Republican, Senator William S. Cohen of Maine, sided with six Democrats, and the committee voted, 7 to 6, to withhold publication.

Nonetheless, in the days that followed, the main elements of the committee's report were obtained from officials at the White House and elsewhere. An early version was acquired in full by NBC News.

### Democrats Object

In its final draft, the committee, while not exonerating Mr. Reagan, said it had found no information that he was aware of the diversion of funds to the Nicaraguan contras, the part of the scandal that is most likely a violation of the law. The report portrayed the President as having been detached from his staff and betrayed by Colonel North, who was dismissed from the White House staff in November, and Admiral Poindexter, who was allowed to resign as the President's national security adviser.

It was a measure of the depth of Mr. Reagan's problems that his top advisers were

eager to have published a report that showed the President to be out of touch and his staff out of control, as long as it did not implicate the President in a crime.

Most of the important elements of the committee's report had come out earlier, but there were some new pieces of information. Among them, according to the officials, were findings that a total of \$8.5 million from one of the arms sales had probably been diverted to the contras, that Colonel North had contemplated larger shipments of arms to Iran than actually took place, that Israel played the central role in persuading the White House to resume arms shipments last year; in an effort to secure the release of hostages, that Admiral Poindexter played a larger role than previously suspected in diverting profits from the arms sales to the Nicaraguan rebels and that, contrary to his public statements, William J. Casey, the Director of Central Intelligence, may have known of the diversion early last fall.

Senator David L. Boren of Oklahoma, the new Democratic chairman of the intelligence committee, and Mr. Cohen, the vice chairman, said that no conclusions could be drawn from the partial evidence the committee obtained and that its purpose was to lay a foundation for the more exhaustive Congressional inquiries planned this year.

Both houses voted overwhelmingly last week — the Senate, 88 to 4, and the House, 416 to 2 — to establish special investigating committees. Republicans complained that long investigations could damage the Presidency and undermine United States foreign policy, but most of them saw no alternative but to vote for the creation of the committees.

In addition, the new independent counsel, Lawrence E. Walsh, was given authority for a far-reaching investigation, not only into Administration activities but also into private transactions with Iran and the contras.

The Congressional investigations, which will probably last most of this year at least, set high stakes for both parties. The Republicans' chances of retaining the White House and regaining control of the Senate in 1988 could be damaged if President Reagan is tied to illicit activities or shown to have been inept in handling the reins of Government.

Democrats will be seriously harmed if the investigations under their command come to be perceived as political lynch mobs. With that in mind, Democratic leaders named two respected, cautious legislators to head the special committees, Senator Daniel K. Inouye of Hawaii and Representative Lee H. Hamilton of Indiana.

### Uncertain Prospects

They promised to lead careful, fair, expeditious inquiries and to avoid, in Mr. Inouye's words, a "situation where each side is trying to outdo the other, rushing for headlines." Whether the chairmen can maintain that approach is an open question. Never before have two such investigations been conducted simultaneously, and no one is sure how that will work this time.

The glare of television lights has been known to highlight jealousies among politicians and blind them to the path of responsibility. On the other hand, some previous investigations, like those into Watergate in 1973 and 1974, are seen in retrospect as examples of Congress at its finest.

Mr. Inouye and Mr. Hamilton said last week that their staffs would cooperate closely and that the committees would try to hold public hearings in alternate weeks. Their hearings may not begin for two months or more. Mr. Inouye said it would take four weeks for staff members to get the necessary security clearances. Then they will start the tedious process of interrogating witnesses in private.

Like prosecutors in criminal trials, Congressional investigators try not to question witnesses in public until they know exactly what the testimony will be.

In the meantime, with officials trying to paint themselves in the best possible light, even at the expense of others, and hundreds of journalists in pursuit, more and more details of the scandal are likely to emerge before the hearings even start.

## Are Voters Entitled to Reagan's Diagnosis?



President Reagan and his wife, Nancy, returning to the White House from Bethesda Naval Hospital.

By LAWRENCE K. ALTMAN

WASHINGTON — PRESIDENT REAGAN is back at the White House, recuperating from his third major operation since his inauguration, his second in 18 months. A trans-urethral resection of Mr. Reagan's prostate went smoothly last week, and a checkup found no evidence of a recurrence of the colon cancer removed in July 1985. In 1981, he had chest surgery to remove a bullet from his lung.

The world knows these and other medical facts about Ronald Reagan because in running for high office politicians also waive certain rights to privacy. But last week's surgery raises a longstanding question particularly relevant to the 75-year-old Mr. Reagan, the oldest man to serve in the Oval Office: What is the proper balance between a President's right to privacy and the right of the people, who are his employer, to know about his health?

There is a long history of secrecy surrounding Presidential ailments, serious as well as minor, often near election time. In 1893, surgeons operated on Grover Cleveland's jaw, working aboard a ship off New

York City to keep the procedure secret. In 1944, the public was told that Franklin D. Roosevelt, who suffered from severe hypertension and heart problems, was in excellent condition.

President Reagan's resiliency has been well demonstrated. The wounds and blood loss he suffered after being shot in 1981, for instance, were perhaps a more strenuous test of his cardiovascular system than the treadmill stress test he passed last week. And last week, as before, his doctors said his bones and organs resembled those of a much younger man.

But partly because of reports about Mr. Reagan's napping at Cabinet meetings, and partly because of his performance at news conferences, where his answers on occasion lack precision, perhaps as a result of his partial loss of hearing in one ear, an uneasiness remains, if not about Mr. Reagan's medical condition then about his age. White House aides, always careful to emphasize his vigor, feared that prostate surgery would cause Mr. Reagan to be seen as vulnerable because he had one of the most common geriatric problems.

How the procedure will affect the President's image is not known. But whatever the perception, it is affected by the way the White House presents medical news. And while Mr. Reagan has been more forthcoming than many public figures, issuing reports on his general health ever since he entered politics, the White House has been grudging in its handling of some of his medical problems. Not long after his colon cancer surgery, for example, Mr. Reagan was seen with a small bandage on his face. It took several days before he acknowledged that a basal cell carcinoma had been removed.

Last week, none of the President's doctors appeared at a news conference or were allowed to talk to reporters. Larry Speakes, the White House spokesman, said he was withholding minor medical details. Joking about his reliance on a medical dictionary, he said all details about the procedure would come from "Dr. Speakes."

That low-key approach is believed to reflect Nancy Reagan's wishes. She is known to have been distressed by the extensive coverage of her husband's colon cancer operation and by outside doctors' public criticism of the quality of his care.

There was no such criticism this time, but questions remain. Why, for example, did Dr. T. Burton Smith, the urologist who performed Mr. Reagan's first prostate operation in 1967 and who said five months ago that no further urological procedures were needed, resign as White House physician in early December? The only answer has come from the White House: to pursue "personal interests elsewhere." And might the public have been more reassured about the President's health last week if they had heard directly from a doctor?

## Howard Beach Rancor and Concern

Good intention piled upon heightened concern last week as political, civic, religious, education and labor leaders denounced racism and condemned a white gang's attack on three black men in Howard Beach Dec. 20. But rancor persisted, too, as attorneys for two men who survived the attack continued to insist that the authorities were covering up facts about the death of the third victim, Michael Griffith, who was struck by a car as he fled the whites.

Police Commissioner Benjamin Ward criticized Alton H. Maddox Jr., one of the lawyers, for refusing to let his client, Cedric Sandiford, cooperate in the prosecution of three white youths charged with participating in the attack. Mr. Maddox demanded an apology, and a group of his supporters demonstrated outside Mr. Ward's home.

Meanwhile, a coalition of black leaders called for a one-day protest action in memory of Mr. Griffiths. Governor Cuomo said he would establish a task force on bias-related violence and Schools Chancellor Nathan Quinones unveiled a new human rights curriculum. A group of 20 presidents and other leaders of union locals condemned racism and the attack, with some of them also expressing support for Mr. Maddox's strategy and the protest, which is planned for Jan. 21.

Amid the flurry of related activity, the case against the accused white youths appeared static. Mr. Sandiford, the victim who refused to cooperate, said the Queens District Attorney, John Santucci, was pursuing a "masquerade investigation."

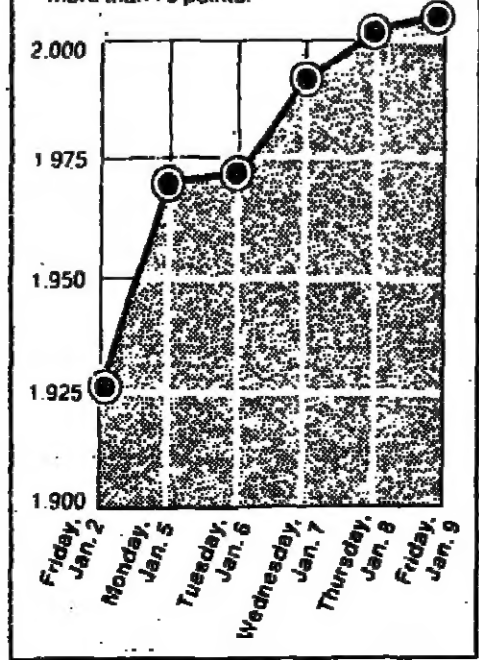
Mr. Sandiford and Mr. Maddox say they have not cooperated because no charges have been filed against the driver of the car that struck and killed Mr. Griffith. The police have said the driver, Dominick Blum, was not an accomplice of the attackers and had hit Mr. Griffith accidentally. Mr. Santucci said he was considering asking Federal authorities to prosecute the Howard Beach

youths on civil rights charges. Federal officials said they would do so only if the state cannot "achieve substantial justice."

State manslaughter charges against the three were dropped and charges of reckless endangerment instituted after Mr. Sandiford refused to testify. Meanwhile, one of the defendants, Jon L. Lester, was sentenced to one-to-three years in prison in an unrelated case.

### The Dow tops 2,000

The Dow Jones industrial average advanced beyond 2,000 for the first time Thursday. Since Jan. 1 it has risen more than 75 points.



## The Budget: Hobbling a trillion-dollar 'dragon'



# The World

## Pretoria and Its Critics Maneuver For Advantage

The tactics of resistance to South African apartheid took many forms last week, while the Government of P. W. Botha pursued a strategy aimed at counteracting what it regards as adverse publicity in the United States.

One challenge came from a mixed-race Cabinet officer who went swimming at a whites-only beach at Port Elizabeth. "This is God's beach," said the Rev. Allan Hendrickse. The Government was also under pressure from a chain of movie houses. Faced with a boycott by some American film makers, the owner has threatened to close some theaters unless they are desegregated.

The authorities argued that another boycott was weakening, citing "very encouraging" enrollment for the new year at segregated black schools. But reporters touring the black township of Soweto gained the impression that attendance at the high schools, where protests have been widespread, was far lower than at primary schools.

The African National Congress, meeting in Zambia to celebrate its 75th anniversary, called on blacks to expand their struggle beyond township protests and boycotts. Oliver Tambo, head of the black nationalist group, urged "armed attacks" on strategic — though, he stressed, not civilian — targets in white areas. Pretoria later blamed the Congress for the bombing of a Johannesburg department store. The store was evacuated before the bomb went off.

The Government, meanwhile, effectively suspended firsthand coverage of South Africa by The New York Times. It refused to rescind an order to The Times correspondent, Alan Cowell, to leave the country and denied his successor a visa.

Secretary of State George P. Shultz, who is traveling in Africa, said South Africa was isolating itself by such actions. He also urged Pretoria to lift the ban on outlawed political parties, release Nelson Mandela, the black leader, and open talks on creating a society that "allows all the people to take part."

## K.G.B. Exposes Its Own Abuses

The Soviet press routinely exposes the misdeeds of Government functionaries and agencies. But rarely does it attack top officials, let alone suggest that the K.G.B. might abuse its enormous powers.

So last week's disclosure in Pravda, the Communist Party newspaper, by the head of the K.G.B. that several officers of the internal security agency had been punished for their part in the arrest of a crusading journalist was read as yet another sign of change under Mikhail S. Gorbachev. The front-page statement, written by Viktor M. Chebrikin, followed a Pravda investigation.

It began last year after Viktor B. Berkhin, a reporter for a journal called Soviet Miner, exposed corruption in a coal mining region of the Ukraine. Angered, the local K.G.B. chief and other officers conspired to have him arrested on a charge of hooliganism.

Pravda took up the reporter's cause and accused the authorities of harassing Mr. Berkhin.

While some Western experts and Russians said they hoped that the case reflected the willingness of Mr. Gorbachev to rein in the K.G.B., others said the campaign may have been only an attempt to shake up the agency and undermine Mr. Chebrikin, perhaps paving the way for his ouster.

## Stepping Up The Contra Battle

Amid assertions that they must act decisively and soon, thousands of United States-supported rebels have recently entered Nicaragua, and the Reagan Administration contended last week that the Sandinista Government might yet be overthrown.

"If this present U.S. policy is maintained, it seems to me that the Sandinistas will not survive," said Elliott Abrams, the Assistant Secretary of State managing the support program for the rebels, or contras. He said negotiations with the Nicaraguan Government must be accompanied by military pressure. "Either they will be forced to compromise, or refusing to compromise, the Nicaraguan people will rise up and get rid of them," he said.

Diplomats in Managua said that perhaps half the 10,000 to 12,000 rebel forces were now in Nicaragua. At least 67 contra commanders have completed 60 days of indoctrination at a secret camp in Florida. Central Intelligence Agency advisers in Honduras are overseeing training and logistics for the contras. Supplies purchased with \$100 million appropriated by Congress last year have begun to arrive.

But Administration and Congress-

sional officials said future backing for the contras was in doubt. Bills were introduced in Congress last week to block the final \$40 million aid installment.

## A French 'Riposte' In Chad's War

France and Libya crossed an important line in Chad last week. Libyan planes bombed two towns south of the 16th parallel, the so-called Red Line set by French forces as the southern boundary for Libyan incursions. In retaliation, French jets bombed an airstrip in Libyan-controlled territory.

The French, who have 1,200 troops and a squadron of fighter-bombers in their former colony, denied that the raid was an escalation in Chad's war against Libyan occupation. "We will continue to make graduated and firm ripostes, but we don't want an escalation," said Denis Baudouin, the Government spokesman.

An expansion of French air attacks on the Libyan occupying forces is exactly what Chad's President, Hissen Habré, wants. He is eager to



Gamma-Liaison/Raphael Gaillard  
Captured Libyan soldiers on display in N'djamena, Chad, last week.

take advantage of the recent split between the main Chadian rebel group and the Libyan troops, which together controlled much of the central African country's barren northern half. Last week, the guerrillas were under Libyan bombardment.

The French contended that Libya's raids south of the 16th parallel represented no more than "an insect bite" and may have been in retaliation for its loss last weekend of Fada, a northern town, to the Chadian military and rebels.

Although France and the United States have sent military supplies to Chad since the new fighting began last month, the French Defense Minister, André Giraud, cautioned against the "internationalization" of the war. Secretary of State George P. Shultz last week offered an optimistic view of Chad's ability to fight the Libyans, saying that it "seems to be on the move."

## Some Surprising Allies in Lebanon

In the surreal world of Lebanese politics, yesterday's blood-fueled enemies seem willing at times to suppress their memories and join forces. Over the years, both Christians and Moslems have zigzagged, sometimes allied and at other times contesting each other and such powerful outsiders as Syria, Israel and Yasir Arafat's Palestinians. Last week, Israeli officials said a surprising new alliance had been formed between Christian Phalangist militiamen and Mr. Arafat's Palestine Liberation Organization.

The Israelis said Mr. Arafat had paid the Phalangists millions of dollars to furnish Palestinian officers with Lebanese passports and passage through Jieh harbor, north of Beirut. Twice recently, Israeli patrol boats have turned back ferries suspected of bringing Palestinian fighters from Cyprus.

The P.L.O., which lost its headquarters in Tunisia and broke with Jordan last year, was said to have set aside memories of the Phalangist massacres at the Sabra and Shatila camps in 1982 and Phalangist cooperation with the Israelis in expelling the P.L.O. from Lebanon. The Israelis said the Phalangists are interested in the money and the chance to help the Palestinians battle Shiite Moslem militias.

They view Mr. Arafat's progress toward regaining his base in Lebanon as a potential threat to Israel. The Phalangists are "playing with fire," said Uri Lubrani, an Israeli Defense Ministry official. "We have not minced our words in telling them this, and we will not remain idle."

Milt Freudenheim,  
Katherine Roberts  
and James F. Clarity

## Cardinal's Trip Highlights the Differences

# It's a Long, Long Way From Jerusalem to Rome

By THOMAS L. FRIEDMAN

**J**ERUSALEM — JOHN CARDINAL O'CONNOR'S visit to Jerusalem has left a bittersweet taste. The Archbishop of New York impressed many Israelis as a friend whose trip was motivated by piety and a desire to bring understanding to the peoples of the Middle East. But many Israelis were disturbed by what they regarded as a profound gap between the Cardinal's intentions and the official politics of the Vatican toward the Jewish nation with its control over biblical Israel and Jerusalem.

Legal fictions tend to arise when there is a gap between personal feelings and larger institutional frameworks, and Cardinal O'Connor's visit was replete with them. To avoid officially recognizing Israeli sovereignty over Jerusalem, he described his meeting with President Chaim Herzog at Mr. Herzog's official residence as being in the President's home, not his office.

"Cardinal O'Connor manifested a real love for Israel, the Jewish people and Jerusalem," said Teddy Kollek, the city's Mayor. "But in the end his visit only showed us how far apart we and the Vatican really are. The Vatican has a basic problem with Israel and Israeli control over Jerusalem, which it has not overcome."

A statement by American Jewish leaders was even more critical, describing aspects of the Cardinal's visit as "disturbing and painful."

The Vatican spokesman, Joachim Navarro-Valls, said in Rome that the Holy See recognized the de facto sovereignty of the state of Israel. He noted that Pope Paul VI received Golda Meir when she was Prime Minister and John Paul II received Shimon Peres, who had the same position. But de jure recognition, the spokesman indicated, must await the solution of outstanding problems — "the status of the city of Jerusalem, the problem of the occupied territories and the

Palestinian issue."

The Vatican argues that a "special status" must be established for Jerusalem, with international guarantees safeguarding the shrines of the three major religions and the heritage of the city in a way that insures parity for Jews, Christians and Moslems. The safeguards should be created by international agreement, the Vatican says.

Israeli officials are convinced that a deeper theological issue lies behind these conditions and that even if all of them were fulfilled the Vatican



John Cardinal O'Connor praying at the Walling Wall in Jerusalem last week.

still would not recognize Israel. The United States and many other countries, Israeli officials argue, do not recognize Israeli sovereignty over Jerusalem, but this has never prevented them from extending de jure recognition to Israel.

"The Jewish state contradicts the myth that the Jews were condemned to be homeless," said the Rev. Philip Culbertson, an Episcopalian and professor at the University of the South. "I wonder if the lack of Vatican recognition does not grow out of an inability to resolve that issue."

The suffering and wandering of the Jewish people through the ages was often explained by the church as their punishment for rejecting Jesus, Father Culbertson said. As a result, the return of the Jews to Israel and their renewed sovereignty over Jerusalem poses a theological challenge to the church's claim to have superseded Judaism.

In a 1985 statement, the Vatican called on all Christians to understand "the religious attachment of Jews to the state of Israel." However, it added, the existence of Israel should not be looked at from a religious perspective, but rather in the framework of international law.

Despite such admonitions, though, many Catholics — as well as other Christians — have adopted views quite independent of the Vatican's on these and other questions.

The reactions of the hundreds of thousands of Christian pilgrims who visit Israel every year often depend on the "room for creative Biblical exegesis" in their denominations, Father Culbertson said. The spectrum is wide indeed. It stretches from fundamentalists who see in the return of the Jews to Israel a necessary prelude to the Second Coming — after which the Jews will be converted — to those who identify with the spirituality of Bethlehem, Nazareth and the Via Dolorosa and ignore the politics altogether. And finally, some Protestant leaders look at Israel through the prism of the many Palestinian Christians living in the country.

While Cardinal O'Connor's visit will probably be remembered for the distance it revealed between Israel and the Vatican, it might also contribute a step toward bringing institutional religion into closer harmony with the convictions of men of faith. The potential is clearly there. It was striking that, after Cardinal O'Connor visited the Walling Wall, Judaism's holiest shrine, he turned to his guide, Rabbi Yehuda Getz, and said, "Bless me." Rabbi Getz looked at him for a moment and said, "Let us bless each other."

## Jeopardizing Careers, Thousands Protest in the Streets

# To Some Chinese Youths 'Privilege' Is Not Enough

By EDWARD A. GARGAN

**F**ROM Kunming in the far southwest to Beijing in the north, tens of thousands of college students have marched through the streets of China's cities in the last month, demanding more democracy.

They have done so even at the risk of diminished career opportunities, family disfavor and, in the case of students who belong to the Communist Party, expulsion from the one organization that can assure advancement.

"We are privileged," said a graduate student in Beijing who has not taken part in the demonstrations. "But that does not mean we don't want more say in our lives. Many students support the protests even if they did not join in."

The State Commission of Education announced that fewer than 2 percent of college and university students in China took part in the wave of protests. A major reason more did not join in, according to many students, was an unwillingness to jeopardize their hard-earned status.

Nearly two million students attend 1,016 institutions of higher learning in China. Admission is difficult and the competition is fierce. Last year, only about 4 percent of the nation's 12.8 million high school seniors managed to pass stiff entrance examinations and find places in universities or colleges.

As for the most prestigious institutions — Beijing, Qinghua and People's universities in Bei-

jing, Fudan University in Shanghai, Nankai University in Tianjin and Zhongshan University in Guangdong — only those students who excel have any hope of admission.

And Chinese college life is hardly easy. Dormitories are cold cinder-block structures, poorly heated in the north, unheated in the south. Hot water is rare and cafeteria food virtually inedible, students say. Many believe they are undernourished.

More important, college curriculums are closely wedded to the Soviet education formula introduced here in the early 1950's, a system that requires 25 or more class hours a week, a heavy emphasis on rote learning and little or no opportunity to take courses outside a student's major field.

In this system teaching is isolated from research. While the top scholars conduct research in the Academy of Sciences or the Academy of Social Sciences, university professors are largely limited to teaching.

### 'No Imagination'

"The consequence is a real degeneration in the quality of education," said a professor in Beijing who asked that his name not be used. "Teachers make no progress. Faculty in their 40's and 50's are stultified. They have no imagination. The people we are promoting to professor or associate professor are really not qualified. It's really very bleak."

Beginning last year, some attempts have been made to change Chinese higher education, efforts

that until now have been concentrated at the elite universities. A wider range of courses is available to students within their fields, and opportunities to work outside a major are slowly becoming available.

The liberal arts, which withered in favor of the hard sciences, engineering and economics, are making a minor comeback. Technology institutes, which lost their liberal arts departments in the 1950's, are fighting to get them back, and some have succeeded.

Nonetheless, many students say that considerable dissatisfaction remains over both curriculum and post-graduation job assignments. Compulsory courses in Marxism and Communist Party history are poorly attended.

And with the increasing infiltration of Western ideas and material goods, China's students are expressing greater independence and demanding more control over their futures.

A recent poll of 3,000 college students in Wuhan found that nearly half supported the idea that people should have individual attitudes on political issues. Only 10 percent said people should support the views of the Communist Party on every issue.

At the same time, however, there has been a decisive increase in college students' applications to join the Communist Party. A survey of campuses in southern China conducted by the Communist Youth League found that 50 percent of college students in their final two years seek party membership.

Although the Beijing Review recently attributed the increase in applications to a belief among students that "the party's image has changed for the better in the past few years and that the reform led by the party is moving ahead vigorously," many students privately deny that it has anything to do with the party's image.

"You must be in the party," said one graduate student, adding that his membership application was pending. "You cannot advance without being in the party. It's a way to get ahead."



The library at Jiaotong Technical University in Xian, China, and inset, Beijing University students in a protest last week.

Sydney J.P. Laffont (Jiaotong); Reuters



## Critics Blame Chirac for Widespread Strikes

## Darkness Descends on the City of Lights

By RICHARD BERNSTEIN

PARIS **L**IFE seemed gray and gloomily unpredictable in France last week. People waited hours for subway trains that never came. Patients in clinics that lacked emergency power had to do without X-rays. Stores were lighted by candles, and traffic lights went out, causing colossal tie-ups at major intersections. Factories that had no way to move goods to customers sent workers off on what is called "technical unemployment" — they receive unemployment pay and can expect to be rehired when the crisis ends.

Such scenes of life slowly grinding down to the level of nuisance were caused by the most extensive strikes in the French public sector in nearly 20 years. The walkouts started nearly a month ago in the vast state-owned railways and spread last week to the Paris subway and bus systems and the Government electric and gas companies. By the weekend, some services had improved as workers began drifting back to their jobs.

Aside from the predictable public surliness, there were assertions that the strikes were motivated by considerations beyond union demands for higher wages and better working conditions. Jacques Toubon, a close aide to Prime Minister Jacques Chirac, said the workers were being manipulated by the unions, particularly the Communist-led Confédération Générale du Travail, for "political reasons" — to sabotage the Government's conservative, free-market program. The strikes, Mr. Toubon insisted, were an attack "against the economy, against democracy and against France."

But the walkouts seemed to have other causes as well. Mr. Chirac, who came to power 10 months ago promising conservative renewal, has pressed hard for a program that goes against the grain of at least 50 years of Government paternalism, notably longstanding guarantees against losses in purchasing power.

"There has been a sentiment of overdose," said Raymond Barre, a right-of-center former Prime Minister, trying to explain in a much-quoted television interview the duration and persistence of the strikes, which in France often last 24 hours or less. Mr. Barre, a popular economist who is regarded as a potential rival to Mr. Chirac in the next presidential election, was voicing a commonly heard analysis — that the Government, which came to power at a time of high unemployment and insecurity, has tried to change things too quickly, paying too little attention to persuasion. The result has been a lot of new legislation but also a climate of suspicion and obstructionism that has fueled the strikes.

Mr. Chirac's measures included the repeal of a Socialist-sponsored tax on the very wealthy, a new provision creating privately owned prisons and an amnesty for capital that fled the country illegally when the Socialists came to power in 1981. Mr. Chirac envisions a society less reliant on government, less



French riot police barring railway strikers from a station in Paris.

regulated, more vigorous and competitive.

But in class-conscious France he has been accused of granting favors to the rich after five years of Socialism. People are questioning "the immense injustice of poverty, which is mounting," Henri Kraskucki, the head of the Communist-led union, asserted last week. "At the other end of the scale, riches are piling up, because there is plenty of money and plenty of scandalous privilege."

## Contradictory Visions

Mr. Chirac, worried about provoking a new round of inflation after his Socialist predecessors had brought the rate down from 10 to 2 percent, has refused even to discuss a union demand for wage increases higher than an overall 3 percent ceiling. Very

likely, if the Socialists had done the same thing, the workers would only have grumbled, not walked out as they have under the conservative Government.

The plain fact is that the conservatives are seen as representatives of the bosses. When the Government also proposed a system for determining promotions on the basis of merit instead of seniority, workers complained that it would lead to favoritism by management. "That's the way they do things under capitalism," said Gilles Noizet, a striking train engineer. "Our system is that we all go up together."

In the end, the issue seemed to be drawn between contradictory visions of French society, a free market model allowing for more competition and also uncertainty, and the social welfare orientation, dominant in France under governments of both left and right for

half a century. The clash of visions was at the root of the student protests last year, which forced the Government to scrap a plan that would have made admission to the universities more competitive. Students saw the change as a betrayal of the right of high school graduates to free university education.

In dealing with the students, the Government backed down, in part because the reform was not essential to the overall attempt to reduce the role of the French state and increase the notion of competition. Holding the line on salaries, however, is seen by Mr. Chirac's supporters as essential to keeping down inflation and, ultimately, to making France more competitive. The Government refuses to negotiate on the salary issue, while the unions have said they will strike until the Government yields.

## Rebels Reject a Call for Cease-Fire, Reconciliation



Guerrillas preparing to attack an army outpost in Afghanistan last month.

## Kremlin Feels Strain of Afghan War

By PHILIP TAUBMAN

**T**HE withdrawal of Soviet troops from Afghanistan is not far off, the Soviet Foreign Minister, Eduard A. Shevardnadze, announced last week. "This event," he predicted, "is not behind the mountains."

Whether Mr. Shevardnadze proves to be a better prophet than the American officials who used to speak of the light at the end of the Vietnamese tunnel remains to be seen. But it was clear last week that while Moscow is increasingly eager to reduce its involvement in Afghanistan, the route to a withdrawal is not as smooth as Mr. Shevardnadze suggested.

The Foreign Minister and Anatoly F. Dobrynin, the party secretary in charge of foreign policy, returned from a trip to Kabul, the Afghan capital, amid indications that the Soviet Union had a carefully designed plan to achieve both the reality and the appearance of progress toward a settlement.

The plan, announced with considerable fanfare by Moscow and Kabul, included a call for a cease-fire with guerrilla forces that would have started Thursday and a national reconciliation effort sponsored by Najib, the Afghan leader. The Soviet Union also agreed to set a timetable for withdrawal of its estimated 120,000 troops as part of a settlement negotiated by a United Nations mediator.

Although the guerrillas quickly rejected the terms for the reconciliation and cease-fire, the Shevardnadze-Dobrynin delegation, the highest-ranking Kremlin group to visit Kabul since Soviet troops moved into Afghanistan in 1979, suggested that other moves might be under consideration. Western diplomats speculated that

these might include a unilateral reduction of Soviet forces to coincide with the Feb. 11 resumption of United Nations-sponsored negotiations in Geneva between the Afghan and Pakistani Governments. The withdrawal last year of six Soviet regiments, some 8,000 men, was considered a token gesture in the West, and United States officials have reported that the troops were replaced by new forces within days.

Moscow has plenty of reason to want to bring its troops home. The Soviet press has indicated that draft evasion is not infrequent and has written sympathetically of the plight of disabled and troubled veterans. Graveyards across the country have monuments to the men killed in Afghanistan. There is concern that the sharp rise in drug use among Soviet young people since 1981, reported in Pravda last week, is partly the result of the involvement in Afghanistan, where narcotics are easily obtained.

## 'A Symbol of Shame'

Moreover, Moscow's role in Afghanistan has hurt its standing among Moslem nations, hampering Mikhail S. Gorbachev's efforts to increase Soviet influence in Asia and the Middle East.

"Afghanistan is to Soviet foreign policy what Sakharov was to human rights, a symbol of shame," one Western diplomat said, referring to Andrei D. Sakharov, the dissident physicist who was allowed to return to Moscow last month after nearly seven years in exile in the city of Gorky.

Sensitivity to the domestic and foreign costs of the war has been evident in Soviet press reports that increasingly depict the fighting as an "internationalist duty" by a "limited contingent" in an "undeclared war."

Despite the drawbacks, however, it is unlikely that the Soviet Union will untangle itself from Afghanistan any time soon. Mr. Najib, a former

head of the Afghan secret police who was installed with Soviet help last May, has so far failed to draw his opponents into the Government, and the guerrillas have spurned his terms for national reconciliation. The rebels also rejected Mr. Najib's plan for a cease-fire, insisting on direct negotiations with Moscow.

Western analysts doubt that the Soviet Union will remove its forces until the internal situation stabilizes. "If the Soviets withdraw under present conditions, their friends will be slaughtered," a Western diplomat said last week.

In addition, Moscow has made any deal contingent on the cessation of Western aid to the rebels. But the United States is unlikely to halt the flow of money and arms unless Moscow withdraws a substantial number of troops. Although some progress was reported in the United Nations talks, the timing of a Soviet withdrawal remains an obstacle. Pakistan, with backing from the United States, has insisted that all Soviet troops be withdrawn within months, perhaps a year. Moscow has talked about three years and hinted that it might accept a two-year deadline.

Ultimately, the Russians may have to decide what sort of Government they can live with in Afghanistan. If they could accept a neutral Afghanistan, similar to the one that existed before the Soviet presence, a settlement would be easy.

But so far Moscow has given no indication that it would accept anything less than a pro-Soviet government, a condition the rebels find unacceptable.

One Western diplomat suggested that if Moscow is determined to cut its losses in Afghanistan, it might have to follow the advice that the late Senator George D. Aiken of Vermont once offered on the Vietnam War. What the United States should do, Mr. Aiken recommended then, was simply declare a victory and go home.

## Shultz Visits Tomorrow

## Oil Decline Adding To Nigeria's Ills

By JAMES BROOKE

**W**HEN the Secretary of State, George P. Shultz, spends a few hours here tomorrow on his eight-day African tour, he will be absorbing impressions of the continent's most populous country and one of its most fractious. Nigeria, shaken by seven military coups and a civil war in 26 years of independence, appears to be headed for new political stress. Oil wealth, the glue that held it together for a decade, has dwindled. Oil earnings fell from \$26 billion in 1980 to only \$5 billion last year.

Faced with a shrinking pie to divide among his 100 million people, Nigeria's military leader, Maj. Gen. Ibrahim B. Babangida, has lost the easy smile he flashed in August 1985, when he ousted the increasingly unpopular Maj. Gen. Mohammed Buhari. Today, the signals flashed by the new President are more often red lights to dissenters.

In October, he abruptly dismissed his No. 2 man, Commodore Ebitu Oki Ukiwe. In March, 10 officers were executed by firing squads after conviction by secret military tribunals of plotting a coup.

Two controversies last year dissipated civilian good will. First, Nigeria, officially a secular state, secretly joined the 45-nation Islamic Conference Organization, which seeks "the promotion of Islamic solidarity." When the affiliation became public, Nigeria's Christian south erupted in protest, fearing that Islamic law might one day be imposed on the nation.

National morale rose in October with the news that Wole Soyinka, the Nigerian playwright, would receive the first Nobel Prize in Literature awarded to a black African. But a few days later, a second crisis broke. Dele Giwa, the editor of Nigeria's largest news magazine, Newswatch, was killed by a mysterious parcel bomb delivered to his home.

Two days before, Mr. Giwa, a critic of the Government, had been summoned by the State Security Service for what was called "a chat." Many Nigerians accuse the Government. "Look at Dele Giwa: he's gone," volunteered Johnson Ogiagi, a resident of this city's Moroko slum. "You tell the truth, and they find you and quench you." Reviewing 1986, the Defense

Minister, Gen. Domkat Balli, conceded that confidence had eroded. "To my mind, it started with O.I.C.," he said, referring to the Islamic organization. "Then, other simple things that could have been avoided have put a question mark over us as a Government."

But despite growing disenchantment, many Nigerians say they do not see an alternative, even though President Babangida has promised to restore civilian rule in 1990. The ban on politics, inherited from the previous military Government, has been indefinitely extended. And in June, General Babangida declared: "All politicians are hereby banned from seeking or holding public office for 10 years, effective from the date of lifting the ban on politics."

Not many years ago, Nigerians boasted of having the world's fourth most populous democracy, after India, the United States and Japan. But experiences with a British-style parliament and American-style federalism left sour memories. "The military steal less, it's as simple as that," a Nigerian news editor said.

## Importing Food

Indeed, the main preoccupation is economics, not politics. The Government has effectively reduced the value of the currency, the naira, by two-thirds against the dollar. Recession is buffeting industry. The automobile, shipyard and transport equipment union estimates its membership dropped from 16,000 to 10,000 last year. Nigeria, once the second largest importer of American wheat, says it is banning all wheat imports. At independence, food — largely cocoa, peanuts and palm oil — accounted for 70 percent of exports; today, food accounts for 3 percent, and Nigeria is a net food importer.

Many Nigerians are not convinced that their countrymen will easily switch from bread made from imported wheat to eating bread made from locally grown cassava. "Market prices will double and triple early this year," a Western embassy analyst said. "When the price rises begin to be felt, the Government is going to be in for a rough ride."

But Mr. Babangida seems to be ready. Last week, West Africa, a London-based magazine, wrote this assessment of Nigeria's President: "The public has since discovered that behind the ready smile is a resolute, even ruthless man, determined to reach his objectives."



# The Nation

## V.A. Is Fined For Purging Files In Radiation Case

The Veterans Administration must pay an estimated \$115,000 in penalties for trying to purge its files of potentially embarrassing documents, a Federal judge in San Francisco ruled last week. The agency had been ordered to supply the documents to a group representing 5,000 veterans who were exposed to radiation in Japan after World War II and in postwar tests of nuclear bombs.

The veterans had challenged the V.A.'s nonadversarial system of processing claims and appeals, which does not involve lawyers because an 1864 law sets a \$10 limit on the fees they can be paid. Legislators and some veterans' groups said Congress might now change the system, which affects 28 million veterans and 25 million heirs and survivors.

## Search Begins for A New C.I.A. Chief

Since William J. Casey's surgery for removal of a cancerous brain tumor Dec. 18, the conviction has been growing that his eventual tenure as Director of Central Intelligence would end soon.

Last week, that conviction took on a degree of certainty in light of a hospital statement that Mr. Casey was

having difficulty forming words or controlling his right side and would undergo radiation therapy for "a number of weeks."

The White House is said to have made a half-dozen inquiries to potential candidates, as intelligence experts and President Reagan's advisers debate the qualifications for the job. Some argue that Mr. Casey's closeness to the President must be replicated. Others emphasize previous experience with intelligence matters; with only two years left, they say, the Reagan Administration cannot afford on-the-job training. Everyone agrees that one essential respect in Congress, which is inquiring into the Iran-Nicaragua arms affair, in which Mr. Casey was a key figure. He had a seizure the day before he was to testify and was operated on three days later.

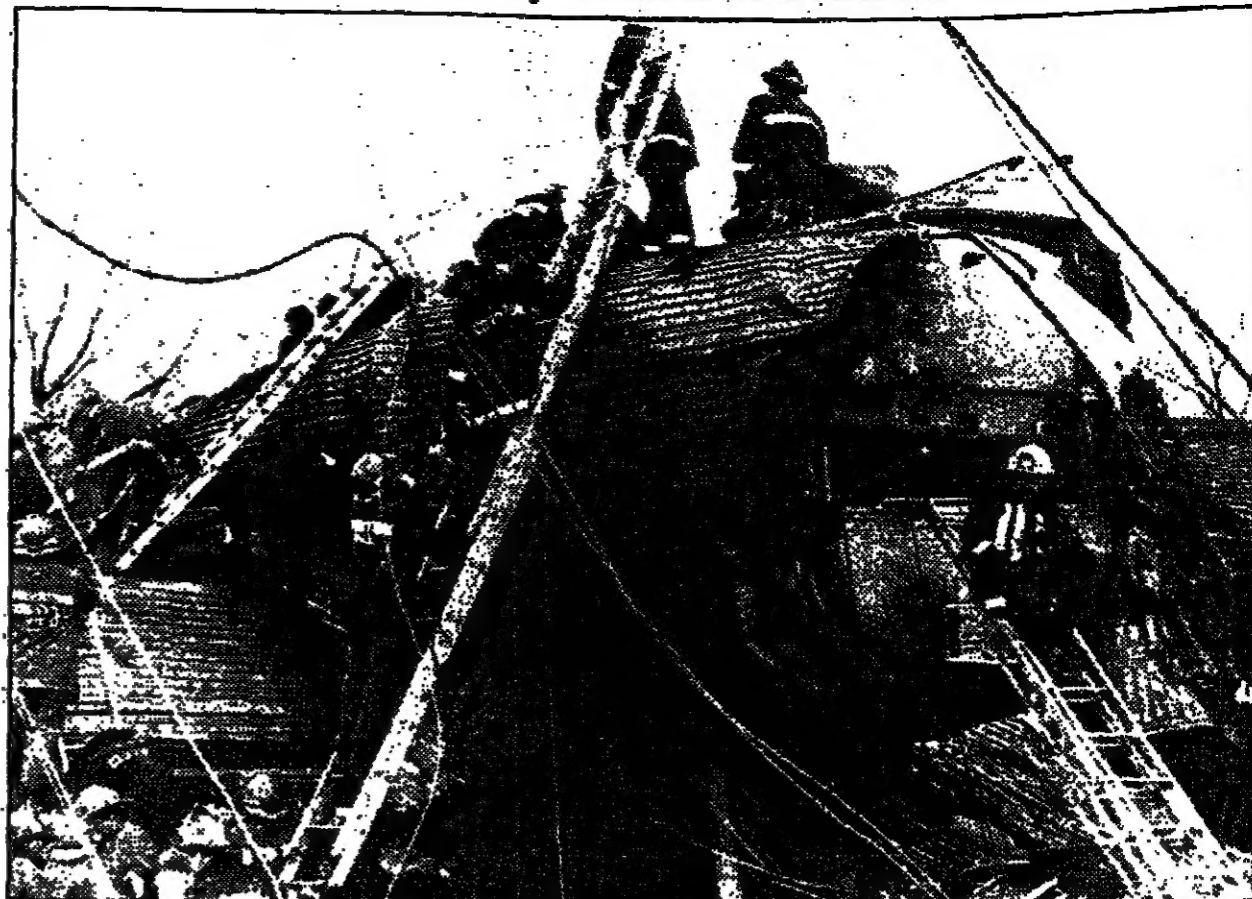
Caroline Rand Herron and Martha A. Miles

## Federal pay hikes

President Reagan approved last week raises for top Federal officials in all three branches of Government to compensate for what he called the "substantial erosion" of their pay in recent years. The increases are considerably smaller than those a Presidential commission recommended last month. The President's salary, \$200,000, is set by a special Federal law and will not be affected by the legislation. The raises will go into effect on Feb. 4 unless Congress votes to rescind them.

|  | Present salary | Recommended by Presidential commission | What President Reagan has approved |
|--|----------------|--|------------------------------------|
| <b>EXECUTIVE BRANCH</b>  |                |  |                                    |
| Vice President   | \$100,800      | \$175,000                              | \$115,000                          |
| Cabinet members  | 88,800         | 160,000                                | 99,500                             |
| Deputy secretaries of Cabinet departments, heads of offices and agencies   | 77,400         | 135,000                                | 89,500                             |
| Under Secretaries of Cabinet departments, chairmen of regulatory commissions                                     | 75,800         | 130,000                                | 82,500                             |
| Assistant Secretaries of Cabinet departments, regulatory commission members, Cabinet department general counsels | 74,500         | 120,000                                | 77,500                             |
| Directors of major bureaus of Cabinet departments  | 70,300         | 110,000                                | 72,500                             |
| <b>LEGISLATIVE BRANCH</b>  |                |  |                                    |
| Speaker of the House   | 100,800        | 175,000                                | 115,800                            |
| President pro tem, majority and minority leaders   | 87,600         | 160,000                                | 89,500                             |
| Senators and representatives   | 77,400         | 135,000                                | 89,500                             |
| <b>JUDICIAL BRANCH</b>   |                |  |                                    |
| Chief Justice  | 111,700        | 175,000                                | 115,000                            |
| Associate Justices of the Supreme Court  | 107,200        | 165,000                                | 110,000                            |
| Judges, Circuit Court of Appeal, Court of Military Appeals   | 85,700         | 135,000                                | 95,000                             |
| Judges, Federal district courts, Court of International Trade, Tax Court   | 81,100         | 130,000                                | 89,500                             |

## New Safety Measures Studied



Rescue workers examining the wreckage of a derailed Amtrak train after collision near Chase, Md., last week.

## Rail Agency Picks Up Pieces After Amtrak's Worst Crash

By REGINALD STUART

A DECADE ago, the Federal Government embarked on an ambitious \$2 billion program to rehabilitate passenger train service between Boston and Washington. Having created Amtrak five years earlier from the ruins of private passenger lines, the Government wanted to make service faster and safer while continuing to accommodate the freight and commuter lines that also used Northeast Corridor tracks.

Roadbeds were reconstructed, street-level crossings between Washington and New Haven were eliminated and outdated signal systems were replaced on long stretches. The Northeast Corridor has since become the place where Amtrak came closest to paying its own way, with 10.5 million people a year riding sleek stainless steel cars with deep cushioned seats, drawn by high-speed electric locomotives.

That modern equipment — and a Conrail diesel train without automatic brakes or even a working radio — came to grief last Sunday afternoon. Amtrak's Colonial, carrying 600 people north from Washington at about 100 miles an hour, slammed into the back of three linked Conrail locomotives that had accidentally pulled in front of it. The collision killed 15 people, including the Amtrak engineer, and injured 178.

The violent accident occurred on what Federal railroad officials have called the most modern rail system in the country. And it happened just four days after the railroad industry had concluded its safest year.

The wreck is being investigated by the National Transportation Safety Board, the Government's accident investigation agency. Its findings so far, some of them shocking, have spurred policymakers here to reconsider decisions against some measures that could have prevented the collision.

The accident has also generated a proliferation of ideas about tightening the rules for railroad operations in the Northeast Corridor. Collectively, what is being discussed suggests that more safety will soon be built in.

The safety board and the Federal Railroad Administration have suggested that a 1977 decision not to require automatic controls on non-Amtrak engines be reconsidered. Such systems bring a train to a halt if the engineer does not obey a traffic signal along the tracks. The Conrail diesels involved in the collision had no such system; the Transportation Safety Board investigation is centering on whether the Conrail engineer kept going at 60

miles an hour past a signal telling him to slow down. In addition, several lawmakers have suggested moving freight traffic to other tracks, out of the way of the scores of Amtrak trains running daily at speeds as high as 125 miles an hour.

That proposal was first advanced in 1975 by the United States Railway Association, and it was suggested again last November in a Department of Transportation report. Its proponents say that mixed freight and passenger traffic is simply an accident waiting to happen. But there is no shortage of people, including big employers whose plants are along the tracks, who contend that it would be wasteful to divert freight traffic to other routes.

John Riley of the railroad administration said he might use the accident as a springboard for "closing loopholes" in rail safety regulations that hold companies, but not individual employees, accountable for their conduct.

Investigators found the Conrail engine's safety systems had been tampered with, most notably by the disabling of a warning whistle in the engineer's cab, a device intended to give a loud, shrill whistle if the engineer does not take the action called for by signals.

### Making Trains More Like Planes

There is discussion, too, about how to improve passenger protection in an accident. Federal safety officials had been pressing Amtrak to install baggage restraints like those used on most commercial airlines, to reduce the number of objects that could fly from overhead racks. Mr. Riley has asked all passenger systems using the Northeast Corridor to comment on the feasibility of passenger-train seat belts.

The accident has generated other concerns. Some Federal officials have privately complained that the emergency response by the authorities in the Baltimore area, while vigorous, was disorganized compared to rescue efforts at other train accidents. Others have criticized the chief executives of the two railroads for failing to communicate directly with the public, as did the chief executives of several other companies when their organizations became involved in tragic situations.

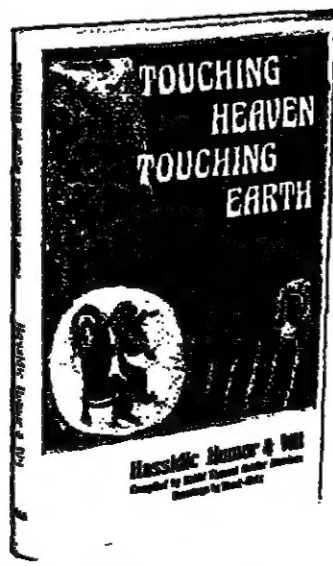
The myriad concerns are expected to get a full airing soon as panels in the Senate and House prepare for hearings on the accident, on rail safety in general and on President Reagan's proposal to sell the Northeast Corridor passenger system to private operators. Government planners believed a decade ago, when they began the Northeastern improvement project, that things along the railroad would never be the same. Perhaps the same can be said in the wake of Amtrak's worst accident.

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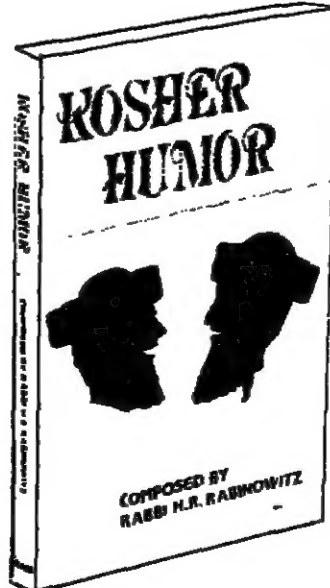
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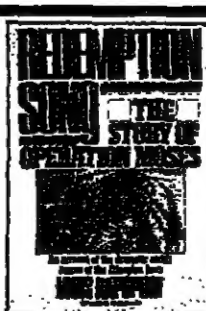
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## TAKING THE DOLLAR'S MEASURE

## The Dollar's 'Fall' May Be an Illusion

By HARVEY ROSENBLUM  
and W. MICHAEL COX

**T**HE expectation that a declining dollar will produce a significant drop in the United States balance of trade in the year ahead may be going sour. November's sharp and largely unexpected widening of the trade deficit, on top of a substantial upward revision for October, has renewed fears that the long-awaited improvement in our trade position may be postponed once again.

According to the commonly used exchange-rate indexes, the dollar rose by more than 40 percent between January 1980 and March 1985. At the same time, our trade balance deteriorated from a surplus of \$25 billion in 1980 to a deficit of nearly \$80 billion in 1985. Since March 1985, however, the traditional exchange rate indexes show the dollar depreciating by more than 25 percent. Thus, allowing for a lag, the trade deficit should have begun to reverse itself by now. Instead, the deficit is projected to exceed \$170 billion in 1986, and the November deficit of \$19.2 billion was the worst monthly performance ever.

There are two explanations for this apparent paradox, both of which are valid. One is that the demand for American products has been slowed by economic weakness abroad. A

Harvey Rosenblum is senior vice president and director of research, and W. Michael Cox is senior economist and policy adviser, with the Federal Reserve Bank of Dallas.

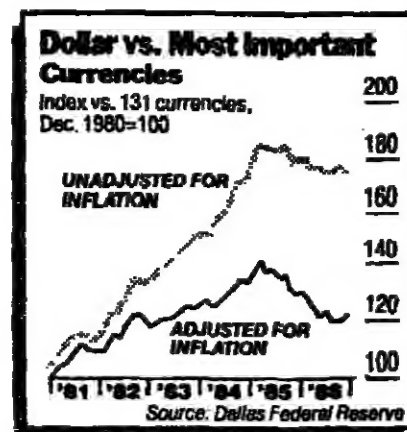
trade-weighted index of economic activity shows that the real gross national product of the five leading importers of American products (Canada, Japan, Mexico, West Germany and Britain) has risen by only 9 percent since the second quarter of 1985, in the United States. Moreover, many of our third world trading partners are importing far less now because of their heavy debt burdens. Neither factor is expected to improve much in the year ahead.

The second, and probably more important, explanation is that the dollar has been measured incorrectly and, in fact, has not declined as much as we thought. Traditional indexes measure the dollar against a relatively narrow range of currencies (in particular, the major industrial countries) and thus may not accurately reflect the movement in the dollar on a worldwide basis.

**N**EWER indexes — which, like Morgan Guaranty's broad, inflation-adjusted index, base their calculations on a different and usually larger sample of countries — generally show the dollar depreciating less than in the traditional indexes. But these newer indexes still are not broad enough. We trade with more than 130 nations, not just the 10, 15, or even 40 countries in the existing indexes.

To address these problems, the Dallas Fed constructed two comprehensive exchange rate indexes — one nominal and one adjusted for inflation — that contain a nearly full set of our trading partners. Specifically, the

nominal index contains the currencies of all 131 trading partners and the real index contains the 101 currencies that accounted for over 97 percent of our trade in 1985.



Like the traditional ones, our indexes show substantial appreciation in the dollar in the years 1980 to 1985. In contrast to the others, however, our indexes show substantially less depreciation of the dollar after March 1985. The nominal index, for example, shows only a 6 percent depreciation, compared with a range of 30 percent to 50 percent for the other nominal indexes. And the real index shows less than a 16 percent depreciation since March 1985, compared with a decline of 28 percent to 40 percent shown by the narrow real indexes (containing only 10 to 15 currencies) and the 25 percent shown by Morgan Guaranty.

ty's broader, real index (chart below).

The disparity between the depreciation figures calculated by the Dallas Fed and those calculated by the other indexes is explained by comparing the dollar against the currencies of specific countries or groups of countries. While the dollar has depreciated against the currencies of Japan and Western Europe, it continues to appreciate against those of the Pacific rim and the Western Hemisphere countries. By centering on the currencies of Western Europe and Japan, the existing indexes have essentially included only those currencies against which the dollar depreciated after March 1985.

Our findings do not bode well for the long-awaited improvement in the trade balance and clearly point to the problems of coordinating policy internationally. The international agreement that produced the dollar depreciation has succeeded only with regard to the currencies of the major industrial democracies, who coordinated the policy. When measured against other currencies — especially those of Canada, Latin America and the emerging Pacific rim countries — that policy has failed. Indeed, far from depreciating, the dollar has actually appreciated (in both real and nominal terms) since March 1985 against the currencies of many of those countries.

In sum, a policy of improving the trade balance through a dollar whose value is reduced only against a handful of currencies will probably achieve only limited results.

## The Economy

## WEEK IN BUSINESS

## Pickens Takes Aim At Shamrock Again

**T. Boone Pickens** closed in on Diamond Shamrock, a property he has been coveting for years. His investment group, Lucky Partners, offered \$15 a share, \$300 million, for 18 percent of Shamrock's shares, which would give it 22.5 percent. And while William H. Bricker, Shamrock's chairman, is not likely to capitulate easily, Mr. Pickens could use his stake as a wedge to gain seats on the board. Mesa Partners, Mr. Pickens's chief takeover vehicle, previously offered \$17 a share in stock for Shamrock, but Mr. Bricker resisted. Now, analysts say, he faces the unpleasant choice of finding another buyer for Shamrock, giving in to Mr. Pickens or dealing with unhappy board members and stockholders.



T. Boone Pickens

Unemployment fell to 6.8 percent overall in December, from 6.9 percent, the lowest for the year and a gain attributed to increases in the services sector. Manufacturing jobs rose as well, however, a brighter sign in an economy suffering from the industrial doldrums. ... Producer prices were unchanged in December, but for all of 1986 fell 2.5 percent. That was the first drop in 23 years and the best performance in 37 years.

Wall Street celebrated the start of a new year by shooting the Dow above 2,000 for the first time. The landmark indicator continued a rally that has not seen a down day this year. For the week, the Dow gained 78.60 points, finishing at 2,065.91. Helping was a downturn in interest rates.

American and British banks will have to maintain similar capital bases under a landmark agreement that is a first step toward a more global financial system. Regulators hope the requirements — which will force some multinational American banks to raise capital — will ultimately make the banking system stronger, since banks would be required to keep reserves against loans to third-world countries, credit card customers and letters of credit. Banking industry officials, however, generally opposed the regulations.

Carl C. Icahn ended his \$8 billion bid for USX, but is not necessarily retiring from the scene. He holds more than 11 percent of the diversified steel company, and might be able to persuade dissatisfied shareholders to elect sympathetic directors. Mr. Icahn apparently was deterred from his bid by the announcement that USX would redeem nearly \$3 billion in notes, which would remove that much cash from its coffers and thereby increase Mr. Icahn's financing costs. USX's embattled chairman, David M. Roderick, is credited with a coup in warding off Mr. Icahn.

Rupert Murdoch sweetened his bid for Australia's biggest media company to \$1.54 billion, taking the lead from Robert Holmes à Court, the financier who is also trying to win the Herald & Weekly Times. Mr. Holmes à Court, however, has an injunction preventing Mr. Murdoch from obtaining more than 15 percent of the Herald & Weekly.

The \$1 trillion budget sent to Congress by President Reagan calls for a 3 percent real increase in military spending, a sharp decrease in spending on farm programs and a billion-dollar program to retrain displaced workers. But the plan assumes economic growth of 3.2 percent for 1987, higher than last year's and higher than most private forecasts. Although the budget always undergoes drastic changes in the Congressional process, even many Republicans are saying this one is unrealistic.

France and West Germany intervened heavily in an attempt to bolster the franc, which has fallen sharply in recent weeks. Part of the European Monetary System, the franc is aligned with a number of other currencies, and a sharp drop could force revaluations of those, particularly the sensitive German mark. European monetary officials were meeting this weekend to discuss the problem.

BankAmerica rejected First Interstate's bid for \$21 a share in securities, to practically no one's surprise. Although the bank did not say how it would fight the bid, which First Interstate has put in abeyance pending regulatory approval, many analysts believe BankAmerica could sue First Interstate or try to put regulatory blocks in its way.

Ted Turner may be trying to sell part of his Turner Broadcasting System. Mr. Turner apparently is looking for ways to inject new capital into his communications empire, which has been suffering of late.

Guinness's chairman will step down under pressure until a Government investigation into the big British brewer is completed. Ernest Saunders cited "uncertainty and disruption" caused by the inquiry.

MERRILL PERLMAN

## It Has Declined, But Still Not Enough

By RIMMER de VRIES

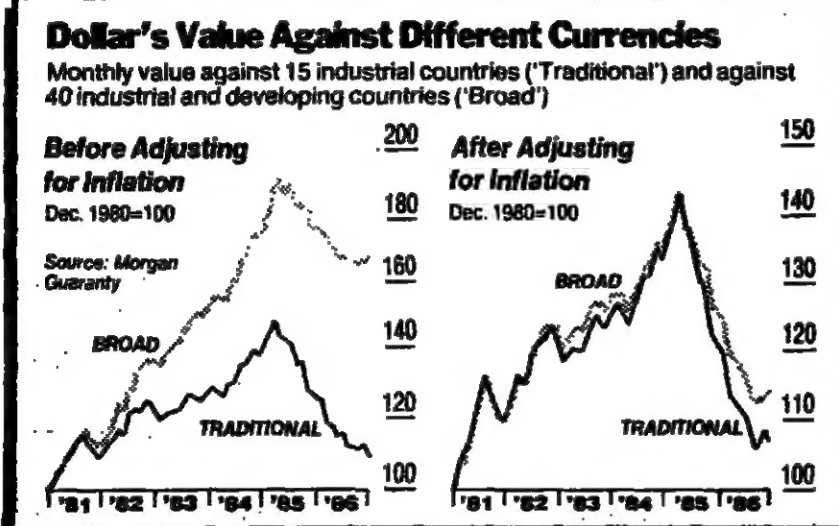
**W**ITH the United States trade deficit remaining stubbornly high, controversy has arisen about whether the dollar has fallen as far as the standard indexes say it has. Some analysts contend that the dollar has fallen hardly at all from its February 1985 peak, which explains the continuing large deficits. Others say the dollar has reversed nearly all of its previous rise, and predict a gradual decline in the deficits.

The truth probably lies somewhere in between. Research at Morgan Guaranty indicates that the effective decline of the dollar has been about 20 percent, but that it is still more than 15 percent above its 1980 level. The dollar should fall another 15 percent. But the assumption that trade flows respond only to changes in currency values is wrong. It will take more than a further 15 percent drop in the dollar to correct our trade imbalance.

The confusion about the dollar decline stems from the different methods of constructing a dollar index. There is no difference of opinion about the changes of the dollar against specific currencies. The difficulties start when the specific currency changes are added together to construct a composite index. Choices have to be made regarding the currencies to include in such an index, the weights to assign to each to represent its relative importance and the adjustments to be made for inflation performance, to measure the change in dollar competitiveness.

Most regularly published indexes include only the currencies of other industrial countries. In the last two decades, however, there has been a shift in trade patterns. While developing countries accounted for only 28 percent of United States trade in 1970, their share had risen to 34 percent by 1985. The top portion of the accom-

Rimmer de Vries is senior vice president of the Morgan Guaranty Trust Company.



panying chart compares Morgan's traditional dollar index, which includes 15 other industrial countries, with Morgan's broad dollar index, which includes 18 industrial countries and 22 developing countries. Countries in the first index conduct about two-thirds of United States trade in manufactures, and those in the second about 90 percent.

The chart shows clearly that the traditional index rose much less than the broad index in the years 1980 to 1985 and has dropped much more since then. The broad index has come down only 10 percent since February 1985, against 25 percent for the traditional index.

However, it cannot be emphasized strongly enough that this observation based on nominal exchange rate changes has very little analytical significance. Nominal changes must be adjusted for inflation differentials to reach useful conclusions about changes in our competitiveness.

When high inflation in a foreign country pushes up the local currency selling prices of its domestic companies, say by 50 percent, then a 50 percent depreciation of the dollar against that country's currency leaves the United States' competitive

position unchanged. Inflation in Latin America has remained very high. Once these countries' exchange rates are included in a dollar index, a purely nominal composite loses all utility for gauging our trade competitiveness.

**B**ECAUSE of the many problems about price data quality, comparability, and timeliness, most published exchange rate indices do not correct for inflation. Yet, "best efforts" are essential to assure reasonable accuracy of inferences concerning competitiveness. Since competitiveness concerns mainly trade in manufactures, inflation correction should be done by using wholesale prices for intermediate and finished manufactures products excluding food and fuel.

When the indexes are corrected for inflation, it becomes evident that the inclusion of developing countries in the dollar index until recently made little difference. However, in the last year or two the movement of the two real dollar indexes has begun to diverge. At the end of 1986, the traditional index had come down 25 percent but was still 10 percent above its 1980 average. However, the broad

index had come down only 20 percent and was still 15 percent above its 1980 average. The broad index should now become the preferred one.

But even this divergence cannot explain the failure of the trade deficit to shrink with the falling dollar. The failure is traceable to many factors. These include the rising propensity to import by American manufacturers, retailers and consumers in search of the lowest-cost products, and slow growth in Europe and Japan compounded by the steadfast reluctance of their governments to implement expansionary policies.

Moreover, growth in most developing countries is stunted because of lack of import financing associated with the debt problem and frail confidence in these countries, which either prevents the repatriation of private money held abroad or keeps pushing it out. Asian countries such as Hong Kong, Taiwan and South Korea, which have large trade surpluses due to their undervalued exchange rates, low wages, high productivity improvements and protected economies, seem unwilling to take steps to reduce their surpluses.

The policy implications are obvious. The United States should make it clear to its trade partners that the absurd trade deficits of recent years are politically unacceptable and carry the seeds for serious future economic and financial instability. It should pursue an aggressive trade policy and enforce strict reciprocity, particularly with the large surplus countries.

When imbalances are huge and policies everywhere slow to change, exchange rate flexibility is an utter necessity and any attempt to stabilize exchange rates would be premature. Indeed, an additional decline of about 15 percent in the broad dollar index is needed in 1987. When foreign economies weaken as a result of their falling trade surpluses, governments will adopt expansionary policies. This is the only way to achieve a reduction of trade imbalances while maintaining world economic growth.

## INVESTING / John C. Boland

## Making a Grim Case for Precious Metals

**W**HILE most eyes are again on Wall Street, as the Dow finally broke the magical 2,000 level, some experts argue that recent stirrings of life in precious metals prices may portend tougher times ahead for stocks and bonds.

Bull markets in bullion usually have been accompanied by grim news on the dollar, interest rates and inflation — giving investors outside the metals group little cause for cheer. Friedberg Commodity Management Inc., a Toronto-based futures trading concern, recently warned clients that the buildup of American debt abroad portends a "foreign exchange crisis of major proportions" that could propel gold past its \$850 peak set seven years ago. Other analysts are far more skeptical of gold's recent move, which put it in the \$400-an-ounce range.

The bullish case for the metals, and particularly for gold, rests on an expectation of an inflation revival by the end of 1987. Friedberg's chief economist, Steve E. Hanke, says that a series of likely events could put consumer price inflation at 5 to 8 percent by year-end, versus about 3 percent in 1986. The first step already has occurred, with the sharp decline of the dollar against other currencies. The second step will come as foreign manufacturers whose profits have been squeezed — Japanese auto builders, for example, needing more dollars to cover yen-denominated costs — push through price increases on goods shipped to the United States. Higher prices on imports will give domestic manufacturers more competitive leeway to raise their own prices. Based on the pattern in previous cycles, Dr. Hanke expects consumer prices to rise pretty much across the board.

Much of that scenario depends upon a vigorous domestic economy in 1987, which in turn depends to some extent on what the Federal Reserve Board

does on the monetary front. Tight money could cool off demand in the United States and strengthen the dollar, reversing the inflationary thrust. But Dr. Hanke, a professor of applied economics at the Johns Hopkins University in Baltimore, doubts that "the Fed will be a position to pull in the reins." The record trade gap makes supporting the dollar politically difficult, and a cold shower for the economy would not be popular as the 1988 Presidential election approaches. "They're not going to slam on the brakes," Dr. Hanke said.

Absent a tightening of the money supply, Dr. Hanke believes the economy is ripe for higher prices. The enormous flow of foreign goods into the United States is evidence, he said, that "aggregate demand is extremely hot." Meanwhile, he noted, the risk of a major foreign exchange crisis cannot be ruled out. "Foreigners will receive a rising number of dollars as interest and dividend payments," he said. "The key is whether they want to keep them and reinvest them in the U.S. if for any reason — such as fear the dollar is headed lower — they decided to dump them, then we would have a real free-fall on the dollar." Even without a major rout in the dollar, Dr. Hanke said, gold is "clearly going to be one of the big winners."

Other analysts are not so sure. "How can you have any inflation when Germany and Japan both have negative consumer price indexes?" said August F. Arace, a managing director of Tucker, Anthony & R. L. Day Inc. And American consumers have "borrowed up to the eyebrows," Mr. Arace said. He doubts "they can carry the economy in 1987 and 1988."

Other gold skeptics point to the perennial excess of gold production over industrial consumption, a situation likely to worsen by most analysts' reckon-

ing. With gold prices recently higher, new mines have been coming into production. "Almost every mining company you can think of is focusing its exploration effort on gold, and a lot of them are finding it," said James A. C. Kennedy, a vice president with the T. Rowe Price New Era Fund.

Production outlays in the United States, aided by new technology in extraction, average about \$200 an ounce, according to Nicolas C. Toufexis, a metals analyst with Prudential-Bache Securities Inc. While some marginal production would disappear if bullion dropped much below \$300, the overall outlook is for more than ample supplies.

But no matter how great the supply of gold, demand for the yellow metal is highly sensitive to inflationary expectations. "Gold is just money," said Alexander Paris, who publishes the Gold Stock News in Barrington, Ill. "The price rises and falls relative to the supply of paper money." At \$400, gold's price has not caught up with all the growth of money and credit in the last year, by his reckoning. He sees gold at \$470 to \$500 an ounce by year-end.

In selecting gold stocks, several of the analysts favored companies bringing on new production. American Barrick Resources (around \$15), Battle Mountain Gold (\$19), Echo Bay Mines (\$24), Freeport Gold (\$11) and St. Joe Gold (\$9) all showed up on one or more buy list.

Of course, investors can also buy precious metals outright, in bullion, certificates or coins.

Indeed, investors have been snapping up the new gold and silver coins issued by the Government. The United States Mint reported selling 1,787,000 ounces of new American Eagle gold bullion coins between the Oct. 20 debut and year-end.

| The New York Stock Exchange |             |               |             |         |
|-----------------------------|-------------|---------------|-------------|---------|
| MOST ACTIVE STOCKS          |             |               |             |         |
| WEEK ENDED JANUARY 9, 1987  |             |               |             |         |
| Company                     | Sales       | Last          | Net Chg     |         |
| Navistar                    | 21,608,400  | 57 1/2        | + 1         |         |
| Cent E                      | 9,860,700   | 24 1/4        | + 1 1/4     |         |
| AT&T                        | 9,613,000   | 25 1/4        | ...         |         |
| IBM                         | 9,380,100   | 122 1/4       | + 1/4       |         |
| USX                         | 8,989,100   | 22 1/2        | + 1         |         |
| Cmw E                       | 7,507,700   | 36 1/4        | + 2 1/4     |         |
| U Carb                      | 7,418,300   | 25 1/4        | + 1/4       |         |
| Boeing                      | 7,263,600   | 51 1/2        | - 1 1/2     |         |
| Am Exp                      | 6,822,700   | 63 1/4        | + 3 1/4     |         |
| Schlimb                     | 6,801,000   | 35 1/4        | + 3 1/4     |         |
| Anheuser                    | 6,597,900   | 29 1/4        | + 2 1/4     |         |
| ICN                         | 6,061,600   | 21 1/4        | + 1 1/4     |         |
| Baxt Tr                     | 5,999,400   | 22 1/2        | + 2 1/2     |         |
| G Mot                       | 5,979,700   | 68 1/4        | + 1 1/4     |         |
| Gen El                      | 5,928,000   | 90 1/4        | + 2 1/4     |         |
| Standard & Poor's           |             |               |             |         |
| 400 Indust                  | 289.1       | 274.5         | 288.5       | +13.95  |
| 20 Transp                   | 210.0       | 199.8         | 209.7       | +10.10  |
| 40 Utils                    | 118.5       | 114.4         | 118.4       | +3.95   |
| 40 Financial                | 29.3        | 27.4          | 29.3        | +1.81   |
| 500 Stocks                  | 259.2       | 248.4         | 258.7       | +12.28  |
| Dow Jones                   |             |               |             |         |
| 30 Indust                   | 2021.6      | 1936.5        | 2005.9      | +78.90  |
| 20 Transp                   | 858.6       | 818.6         | 853.9       | +37.54  |
| 10 Util                     | 219.6       | 210.2         | 218.9       | +8.53   |
| 65 Comb                     | 785.0       | 751.0         | 780.0       | +31.58  |
| The American Stock Exchange |             |               |             |         |
| MOST ACTIVE STOCKS          |             |               |             |         |
| WEEK ENDED JAN. 9, 1986     |             |               |             |         |
| Company                     | Sales       | Last          | Net Chg     |         |
| TmBd pf                     | 4,673,500   | 9 1/2         | +1 1/4      |         |
| Wickes                      | 2,922,600   | 3 1/4         | ...         |         |
| BAT                         | 2,575,400   | 7 1/4         | + 9/16      |         |
| WangB                       | 2,343,100   | 11 1/4        | - 1/4       |         |
| HmsSh s                     | 2,169,200   | 45 1/4        | +7 1/4      |         |
| Alza s                      | 1,858,100   | 23 1/4        | +4 1/4      |         |
| AM Int                      | 1,540,900   | 7 1/4         | + 1/2       |         |
| Hastbr s                    | 1,352,200   | 21 1/4        | +1 1/4      |         |
| LorTel n                    | 1,328,400   | 16 1/4        | + 1/4       |         |
| TexAir                      | 1,313,300   | 37            | +2 1/4      |         |
| MARKET DIARY                |             |               |             |         |
|                             | Last        | Prev.         |             |         |
|                             | Week        | Week          |             |         |
| Advances                    | 1,885       | 1,047         |             |         |
| Declines                    | 228         | 875           |             |         |
| Total Issues                | 2,212       | 2,212         |             |         |
| New Highs                   | 276         | 59            |             |         |
| New Lows                    | 20          | 79            |             |         |
| VOLUME                      |             |               |             |         |
| (P.M. New York Close)       | Last        | Week          | Year        | To Date |
| Total Sales                 | 949,572,371 | 1,041,472,890 |             |         |
| Same Per. 1986              | 732,144,462 | 936,129,512   |             |         |
| WEEK'S MARKET AVERAGES      |             |               |             |         |
|                             | High        | Low           | Last Change |         |
| New York Stock Exchange     |             |               |             |         |
| Indust                      | 171.4       | 164.3         | 171.3       | +8.44   |
| Transp                      | 125.1       | 120.3         | 124.9       | +5.97   |
| Utils                       | 77.8        | 75.5          | 77.8        | +2.72   |
| Finance                     | 154.3       | 144.0         | 154.2       | +12.67  |
| Composite                   | 148.5       | 142.1         | 148.3       | +7.38   |
| New York Stock Exchange     |             |               |             |         |
|                             | Last        | Week          | Year        | To Date |
| Total Sales                 | 68,872,515  | 75,120,375    |             |         |
| Same Per. 1986              | 61,321,535  | 66,935,135    |             |         |



# The New York Times

Founded in 1851

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## The Iran-Contra Information Curve

The White House is so eager to demonstrate that President Reagan didn't know about transferring Iranian arms money to the Nicaraguan rebels that it releases, and urges the Senate Intelligence Committee to release, humiliating evidence of its foreign policy ineptitude. To prove that he is no knave, Mr. Reagan seeks to prove he had no knowledge of remarkable conduct and, to a large extent, still has none.

Congress will have to inform itself, and not solely of the things the White House wants to know in order to get ahead of the information curve. For there's more under investigation than President Reagan's knowledge. In question also is his management of foreign policy, including his pledge not to pay ransom to terrorists and his runarounds with Congress over aiding the contras.

It becomes ever clearer that the Senate Intelligence Committee was right to refuse giving premature immunity to two National Security Council witnesses and right not to come to quick conclusions. The Intelligence Committee performed a function something like an advance patrol. Conclusions will come soon enough from the new investigating committees established by each house.

Meanwhile, for better or worse, versions of the Intelligence Committee report and documents are being made public. Taken by themselves, the documents show that the Administration knew it was engaged in a crude hostages-for-arms swap and not a move toward Iranian moderates.

The disclosures also betray deep Administra-

tion cynicism toward Congress. Take last week's report by Stephen Engelberg of The Times that \$10 million in "humanitarian" aid to the contras is unaccounted for. Secretary of State George Shultz and Assistant Secretary Elliott Abrams solemnly promised Congress that if allowed to solicit nonlethal aid from third countries, they would take special care to prevent its misuse.

What special care did Mr. Abrams take after cadging \$10 million from the Sultan of Brunei? He asked that the money be sent to a Swiss bank account controlled by Oliver North. For months thereafter, he says, he accepted the colonel's statement that the Sultan had not deposited the money. And Mr. Abrams evidently never thought to prod the Sultan even though he regarded the aid as crucial to starving Nicaraguans.

Only after the Iran-contra scandal broke last November did Mr. Abrams learn that the funds had been deposited after all. But where did the money go from there? One possibility is that it was used to finance the Iran arms deals, a bizarre twist on the already scandalous diversions from Iran to Nicaragua. That's how careful the State Department, second only to President Reagan in disavowing knowledge, has been with its promises to Congress.

President Reagan has hired staff to help him get out from behind the information curve and keep up with an inquisitive Congress and public. Better for Mr. Reagan and for the country if he leads the way not only to discovering what he knew, but what he should have known.

## A Landmark of Misfeasance

Seven members of the New York City Landmarks Commission last week issued a gratuitous warning against any proposal that would obscure part of the rear of the New York Public Library on 42d Street. It was an act of arrogance against normal process that calls not just for criticism but also for corrective steps. The first step is for the city studiously to ignore the commission's abuse of power and bring forward the city's plan to renovate Bryant Park, behind the library.

As distinguished private citizens, which the seven were before they joined the commission, each had the right to speak out at any time on any issue, notably controversial matters of architectural taste. But when they were sworn in as members of the Landmarks Commission, they gave up that right insofar as it involved matters likely to come before them for impartial consideration.

The Landmarks Commission is not simply a public lobby for the preservation of buildings and other artifacts its members prize. It serves as a quasi-judicial umpire that must decide, absent an unlikely veto from the Board of Estimate, whether or not to give a candidate-building landmark status, or to approve changes to one already designated. Its perceived impartiality is essential.

When the members last week linked their views

of the library's facade to their approval of the construction of book stacks beneath Bryant Park, they were commenting in advance on a matter that has not yet come before them. When it does, they will be expected to render an unbiased verdict after listening to arguments pro and con.

That members would so recklessly pronounce their views before the Bryant Park proposal even came before them raises questions of their fitness. How, one wonders, would they feel about a judge who tells the defendant before the trial starts that his defense is "absolutely untenable"?

There are only two possible remedies. One is to make the commission an advocacy body only, leaving its members free to express themselves as partisans. Their majority view would become merely advisory to the Planning Commission, which would then make landmarking decisions.

The other remedy is to replace its members promptly with people who realize that accepting the power to decide a dispute requires forfeiting prejudgment. Landmark owners, supporters and opponents are entitled to believe that each landmark decision is made with no advance commitments, not to either side or to preconceived notions that make evidence superfluous.

## Bucking the Clean Water Tide

Fifteen years after the Clean Water Act, many rivers and lakes are still disgracefully polluted with sewage and poisonous chemicals. Congress ardently desires to make America's waters swimmable and fishable once again. But President Reagan persists in opposing a bill to renew the Clean Water Act. The new House has just insisted on this legislation and the new Senate is about to do the same. If so, that will turn the dispute into a triumph for all, including the Administration, even though Mr. Reagan insists it's a defeat.

Mr. Reagan opposes the new water bill because of expense. But the \$18 billion, mostly to help cities build new sewage plants, is spread out over nine years — and, remarkably, much of the money is a final payment that will end the program.

The President came into office determined to reduce Federal expenditure and the costs of environmental regulation. Under his criticism, Congress in 1981 agreed to curb wasteful features in the sewage grant program, to cut the Federal share of construction from 75 to 55 percent, and terminate the whole program provided the Administration

would allow that to happen over 10 years. Following these terms, part of the \$18 billion in the Clean Water Act is to continue construction, and part for the states to set up revolving loan funds from which they can assume the full burden.

Instead of going along with the deal and declaring the victory of principle that he had gained, Mr. Reagan's advisers had him demand that the construction program be cut immediately and proposed a \$6 billion bill. Congress bridled and last year passed its \$18 billion with not one dissenting vote.

With what could only be blind stubbornness, Mr. Reagan pocket-vetoed the bill, which the new Congress has now taken up again as its first order of business. The House approved it last week, 406 to 8. In the Senate, the Administration raises its offer to \$12 billion, but would cut out funds for important sewage-treatment plants in New York City and Boston, and eliminate money for controlling runoff from city streets and farms. The bid is too little and too late. The Senate would do well to reject it, and by a veto-proof majority.

### Topics

## Steps Forward

### Dr. Life Lives

In a poignant poem, "The Nobel Prize," Boris Pasternak wrote in 1959 that he was treated like a bandit by Soviet authorities for "the vile offense" of winning the world's most coveted literary honor. He sought this solace: "Nonetheless I still believe / Though I feel my death is near / That the soul of men's goodwill / Will vanquish hate and fear."

It's taken awhile, but 27 years after his death, the winner is Pasternak. The chairman of a new Soviet commission honoring his memory says that Pasternak's banned masterpiece, "Dr. Zhivago," will be published within a year. His former home in a literary colony outside Moscow will soon be a museum and literary memorial, declares the poet Andrei Voznesensky, himself a courageous voice for creative freedom.

This is in every sense salubrious news. Dr. Zhivago's name was drawn

from the Russian for "living" and "life," and Pasternak's epic is a celebration of the free human spirit. "No body could have written it and turned it loose on the world who did not have the courage of genius," Edmund Wilson wrote when the novel was published in 1958. As for Pasternak's enemies, Wilson prophetically added: "I predict that their children, over vodka and tea, will be talking about the relations between Larisa Fyodorovna and Pasha and Yuri Andreyevich, as their parents, and I don't doubt, they themselves have talked about Evgeni Onegin and Natasha and Prince Andrei and Pierre."

Curbed Advantage

New York drivers, like those almost everywhere, inch impatiently forward while waiting for a traffic light to change. But only in New York

City do pedestrians seem afflicted with the same disease.

One recent morning, waiting for a light to change, a close observer of street behavior found that on all four corners in view, nobody was standing on the sidewalk. Everybody was several paces into a dash across the street.

Big-league base runners, he thought, take a lead off first with a tentative side stride, remaining poised for a swift leap back. Not New York pedestrians. They are likely to stand stoutly, about three feet into the gutter. Call it the New York Advantage.

It used to be relatively safe, though it made drivers edgy. Nowadays, with cyclists racing up the narrow trail between parked cars and moving traffic, to take the New York Advantage is to take one's toes, if not one's life, in one's hands.

### Letters

## Howard Beach Turns a Beam on Racial Tensions

To the Editor:

The reference to John Rawls in "Fear of Blacks, Fear of Crime" (editorial, Dec. 28) would illustrate the risks of misunderstanding philosophy, were it not so obviously an effort to bolster a position reached on nonphilosophical grounds.

You say that the Rawls principle that "No one ought to endorse a social order that he could not accept if he were in the shoes of the most disadvantaged" implies that people ought not to take even rational steps to avoid being victimized by black criminals.

In the first place, as the wording suggests, Rawls proposes this principle as a test of the basic institutions of a society, if they were being chosen from a position of total ignorance about one's actual place in that society. It does not constrain particular decisions made within a given society as a going concern, when specific information is available about the actual risks one faces.

It is important to bear in mind that the Rawls principle is in any case not fundamental and rests on the precept that, whatever the probability that the worst will actually occur, the worst possible outcome should be made as tolerable as possible.

If social policy is going to be made from this pessimistic perspective, then even the occupants of society's worst-off position will endorse rules permitting steps to avoid assault on one's person. However badly off you are, you are worse off mugged (as homeless people who fear city shelters demonstrate).

If information about appearance can be used to reduce the probability of being attacked, one may use it. Even other blacks are presumably more wary of 17-year-old black males wearing running shoes and hooded sweatshirts than they are of other members of the population.

You indirectly try to make these points by proposing the quite incredible idea that it is just as bad to be discriminated against as it is to be robbed or murdered — or, at any rate, that a society in which prejudice is rampant is as bad as one in which violent crime is rampant.

Individual tastes in disaster may differ, but surely the innocent black turned away from a Madison Avenue boutique would not wish to change places with a boutique owner who has just been assaulted. It is unfortunate that innocent blacks must be inconvenienced because of the behavior of guilty blacks, but if we are to play the put-yourself-in-his-shoes game, the innocent black who puts himself in the shoes of the vulnerable boutique owner should just as surely conclude that he would not let him-

self in under similar circumstances. It is hard to fathom your sudden concern with the penalized innocent, given your steadfast endorsement of affirmative-action quotas that invariably penalize whites innocent of discriminating. Is discrimination against innocent whites a tolerable price for insuring jobs for blacks, while discriminatory inconvenience for innocent blacks is too high a price for reducing the risk of murder for white store owners?

MICHAEL LEVIN  
MARGARITA LEVIN  
New York, Dec. 30, 1986

The writers are, respectively, a professor of philosophy at City College and an adjunct assistant professor of philosophy at Yeshiva University.

tions myself: Because it is a blatantly indiscriminate, angry, racially motivated threat aimed at a contrived target. It is a response born from a sense of powerlessness.

In terms of effecting change, it makes no sense and serves no purpose, and can only help create greater racism and deeper schisms than previously existed.

For the sake of civil rights, black dignity and the fight against all prejudice, let's aim to find better strategies to combat racism and to help blacks gain power and a fair shake.

ANDREA TROY  
New York, Jan. 4, 1987

### Black Crime Victims

To the Editor:

"Fear of Blacks, Fear of Crime" overlooks another disadvantaged group, the innocent blacks who are potential victims of crimes committed by blacks. In the aftermath of the Howard Beach, Queens, racial attack, perhaps they emerge as the most disadvantaged of all.

Many of these innocent blacks are striving to improve their status despite economic and social obstacles. Moreover, in the near future, more blacks will be able to join whites with hopes to coexist peacefully in middle-class communities. Therefore, I cannot accept the presumption that blackness indicates criminality because it betrays the basic freedoms of blacks and prohibits progress toward racial harmony.

As a young black woman, I fear all criminals, black and white. Maybe more whites need to remember their black counterparts, for an innocent black who lives next door to a black criminal is as much a target of crime as the white who lives in Howard Beach.

MARISSA R. CHESEBOROUGH  
Yonkers, Dec. 29, 1986

### No Pizza Connection

To the Editor:

I read and reread the article and still cannot believe my eyes: a "black boycott of pizzerias throughout the city" is being called (news story, Jan. 4). A black boycott of pizzerias! Can it be? I am horrified.

I am very eager to know the facts of the Howard Beach case, to get the details of this horrendous incident untangled. I want every effort made to uncover the truth. But I cannot for the life of me fathom the connection between getting to the truth and a black boycott of pizzerias. And why only blacks? Why not anyone in solidarity with the struggle, for want of a more complex term? I answer these ques-

### Scapegoat Community

To the Editor:

The death of Michael Griffith and the beatings of his two companions are tragedies of huge dimensions, raising again the tough questions about how much progress has really been made in the effort to improve race relations in New York. Although the act of violence between the races is by no means isolated, it has served to jolt the public from a complacency about racial issues and to symbolize modern-day prejudice.

In telling the story, the press has helped create another victim — the community where the assault took place. Repeatedly, in print and on the air, the assault has been seared into the public's awareness as the Howard Beach incident, as though the location is an indispensable element of the event.

Scapegoating Howard Beach will not solve the racial problems seething in this city, nor will it absolve the city of its collective responsibility to strengthen its efforts to root out racial bias.

Angry feelings about these heinous acts are as relevant in Howard Beach as elsewhere in New York City. Howard Beach residents can therefore be excused if they feel maligned as their reputations are dragged through the mud by some who would vent their anger at an innocent community. We cannot bring back Michael Griffith by murdering the community where his death occurred.

Racism does not respect geographic boundaries. It exists in varying degrees in every neighborhood. Let's root it out everywhere, rather than perpetuate another injustice by pretending only one neighborhood is guilty.

JEREMY S. WEINSTEIN  
State Senator, 16th Dist.  
Howard Beach, Queens, Dec. 31, 1986

### '76 Incident Recalled

To the Editor:

Reports on the beating and subsequent death of a black man at the hands of a white mob in Howard Beach have focused on the insular and retrogressive character of this isolated Queens community. Readers from more enlightened precincts should not, however, smugly assume that racism is confined to Archie Bunker territory.

On Sept. 8, 1976, in an incident frighteningly similar to the random violence in Queens, a local gang of white, middle-class kids rampaged through Washington Square Park in liberal Greenwich Village, swinging baseball bats and yelling, "Niggers out of the park!" A Dominican man, who had the misfortune to be playing volleyball in the park at the time, was killed.

The bizarre reaction of many Villagers was to seek leniency for the attackers in light of their stated goal of ridding the park of crime and drugs. Similarly, today in Howard Beach, many white residents seem almost complacent about this random attack, deflecting the outrage of a city with sweeping comments about crimes committed in the neighborhood by blacks.

Fear and frustration over crime touches virtually all New Yorkers, black and white, and can easily degenerate into group blame, tapping hidden reservoirs of racism. Ignorance and mistrust, and the violence they can engender, must be confronted in Howard Beach, in Greenwich Village and anywhere else they might appear. Let no one say, "It can't happen here."

JEFFREY S. TRACHTMAN  
Brooklyn, Dec. 24, 1986

## Time, as Shakespeare Knew, Is Relative

To the Editor:

Science Times (Dec. 30) carried two long articles on the perception of time in the psychology of individuals and scholarly thinking on whether a contracting universe would make time run backward. The following passage from Shakespeare's "As You Like It" (Act III, Scene 2) conveys some of the same thought in a few lines that would have illuminated these articles:

Rosalind: Time travels in divers paces with divers persons. I'll tell you who Time ambles withal, who Time trots withal, who Time gallops withal, and who Time stands still withal.

Orlando: I prithee, who doth he trot withal?

Ros. Marry, he trots hard with a young maid between the contract of her marriage and the day it is solemnized. If the interim be but a se'night, Time's pace is so hard that it seems the length of seven years.

Orl. Who ambles Time withal?

Ros. With a priest that lacks Latin and a rich man that hath not the gout; for the one sleeps easily because he cannot study, and the other lives merrily because he feels no pain; the one lacking the burthen of lean and wasteful learning, the other knowing no



burthen of heavy tedious penury. These Time ambles withal.

Orl. Who doth he gallop withal?

Ros. With a thief to the gallows; for though he go as softly as foot can fall he thinks himself too soon there.

Orl. Who stays it still withal?

Ros. With lawyers in the vacation; for they sleep between term and term, and then they perceive not how Time moves.

HAROLD A. SEGALL  
Harrison, N.Y., Dec. 30, 1986

## Let the Vice President Serve as White House Chief of Staff

To the Editor:

Speculation about Donald T. Regan's possible knowledge of and responsibility for the diversion of Iranian arms funds to the Nicaraguan contras focuses attention again on the immense power that can be exercised by a White House chief of staff.

Although there are major differences between Watergate and this scandal, the two appear to have at least one element in common. Both H. R. Haldeman and Mr. Regan exercised power second only to the President. It is difficult not to speculate that the rigid hierarchy that goes with such power militates against candid staff debate. And just such questioning serves to protect Chief Executives from major policy mistakes.

A separate but related question is whether the great power exercised by a Haldeman or a Regan should ever be granted to a person neither elected by the citizenry nor confirmed by the Senate. It has always puzzled me that Presidents have been so reluctant to grant their Vice Presidents true re-

sponsibility and authority — power at least comparable to that exercised by Mr. Haldeman and Mr. Regan.

Would it not be wise for President Reagan to make Vice President Bush a true deputy President? Had the Vice President, with his extensive political experience (in contrast to Mr. Regan's Wall Street background), actually functioned as a second in command, perhaps he might have been able to prevent the mistakes in our Iranian policy. Were the Vice President to achieve such an enhanced role, consider the benefits:

• The public would be assured that the extensive powers of an unelected White House and National Security Council staff would be supervised by

a major political figure sensitive to Congressional and public opinion.

• Given a President who delegates extensively, it would be reassuring to have our Vice President, the only other Federal executive official elected by the nation as a whole, in a position to see that policy decisions are conscientiously implemented.

• Finally, the public could be assured that the Vice President would be fully prepared to act in the President's behalf should that ever prove to be necessary. No longer would there be the danger of an unelected official assuming Presidential power in the event of Presidential disability.

COLGATE S. PRENTICE  
Alexandria, Va., Jan. 2, 1987

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IN THE NATION  
Tom WickerA Policy  
That's  
Failed

When Adm. John Poindexter was asked why he had condoned an apparently illegal diversion of funds from the Iranian arms sale to the "contras" trying to overthrow the Sandinista regime in Nicaragua, President Reagan's former national security adviser is reported to have replied: "I felt sorry for the contras."

That's hardly sufficient reason for making important foreign policy decisions, let alone breaking the law — and in this case, it's not the real reason anyway. The actual motives behind the Reagan Administration's dogged, die-hard, occasionally illegal determination to support the contras, despite that policy's failure, have been disclosed again in its own public statements.

• Elliott Abrams, the Assistant Secretary of State for Inter-American Affairs, to a group of European correspondents: "If you believe in negotiations, if you want the Contadora process to proceed, and succeed, we believe that the only way to do it is through the military pressure that the contras can put on the Sandinista regime. . . . If this current U.S. policy is maintained, it seems to me the Sandinistas will not survive."

• William G. Walker, Mr. Abrams's deputy, in a letter to *The New York Times* (Jan. 9): "[The] threat to Costa Rica's unarmed democracy lies across its northern border, in Nicaragua," from which emanate "the very real military pressures that the democracies of Central America — new and old — are facing."

These statements, like others before them — some by President Reagan himself — leave no doubt that the Administration's objective in organizing, arming and training the contras has been and still is the overthrow of the Sandinista Government. Not only do Mr. Reagan and his men want the "democratization" of Nicaragua that Mr. Abrams demanded; they either believe, or put forward as a plausible rationale, that Nicaragua also constitutes a clear and present danger to its peaceful neighbors.

There are numerous flaws in this Administration position; aside from the fact that the Sandinistas obviously see

Yet Reagan's  
support of  
the contras  
continues.

Honduras — with its big U.S. military presence and backing, its shelter for the contras and its superior air force (now being bolstered by the U.S.) — as anything but a peaceful neighbor.

It's grotesque, therefore, for example, for the U.S. now to insist piously on the "democratization" of Nicaragua, after this country's long history of support for (and sometimes, as in Guatemala in the 50's, creation of) brutal and dictatorial Latin governments, not least the U.S. puppet regime of the Somozas, under which Nicaragua suffered for so long, and the continuing Pinochet dictatorship in Chile. Even ignoring this shabby history, where is it written in law or the Constitution that the U.S. is supposed to force democracy on other countries? And only on some countries at that?

As for Nicaragua's threat to its neighbors, even stipulating that it exists — which the Reagan Administration has not been able conclusively to show — the U.S. has never needed to counter it by organizing, supplying and training an army tainted with Somocistas, the C.I.A. and human rights abuses, to overthrow a Government even Washington recognizes.

Instead, with overwhelming support in the hemisphere and among U.S. allies — which the Reagan policy of military overthrow does not have — Washington could state plainly that it will not tolerate any Soviet military base in Nicaragua, or any overt or covert attempt by Nicaragua to attack its neighbors. That policy could be verified and enforced at far less cost than the good money Mr. Reagan and Mr. Abrams want to throw after the bad already spent on the contras.

Mr. Abrams insists that the Sandinistas will negotiate a Central American peace structure only if the U.S. keeps them under the military pressures of the contras. But it's far more likely that the Reagan Administration's obvious determination to overthrow them is what keeps the Sandinistas fighting — especially since what Washington wants is a negotiation that would result in "democratization" and the inclusion of contra leaders in a new government, in effect the removal of the Sandinista regime.

For nearly 10 years the U.S. tried unsuccessfully to use military pressures to force North Vietnam into negotiating away its own position. That war should have taught this Administration that small nations do not always succumb to the power of large ones, and that it cannot win at the negotiating table what its surrogate army has been unable to wrest from a determined adversary on the battlefield.

The contras have shown no ability at any time to win popular support or to take and hold territory in Nicaragua. Nothing suggests that more U.S. dollars and more C.I.A. training — or even Admiral Poindexter's crocodile tears — can improve that dismal record, this Administration's record. □

## The Iran-Contra Uproar: a Travesty

By David Bar-Ilan

The media uproar, the investigations and the public soul-searching occasioned by the Iran-contra affair are being touted as an indication of how well the American system works. I submit that they are a painful demonstration of how it sometimes does not work. Even if, at worst, an illegal act has been committed — still an open question — the disproportion between the alleged infraction and the response is a travesty of the American trust in checks and balances.

Like many, I take exception to much of what the Administration has done. In dealing with Iran, it betrayed an inexcusable naïveté and woeful inexperience, falling for one of the oldest Middle Eastern ruses — the "moderate" vs. "radical" good-cop bad-cop charade. It was unseemly and downright dangerous for the Administration to compromise its principles and credibility by dealing with a terrorist state after piously advocating the opposite. And it was incomprehensible that this Administration — so aware of the nature of police states and the pitfalls of appeasement — should agree to any deal with sponsors of a group that was holding

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a mockery  
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and balances.

American hostages while they were still in captivity.

These are serious mistakes, and the fact that the very critics who once excoriated the President's refusal to deal with terrorists are now condemning his softness and inconsistency does not diminish the severity of the error. Nor should the glaring political motives of those who savage the contra connection in order to defeat a pro-contra policy discourage legitimate questions about propriety and legality. But if Americans deny the President the right to make mistakes, if they seek not a penalty but his destruction whenever his actions are unwise or even improper, they shall undermine the office of the Presidency itself and the very foundations of their Government.

The President must have primacy in conducting foreign policy — and he must have a wide berth in pursuing it. Some of the greatest Presidents interpreted the limits of their prerogatives much more liberally than President Reagan is said to have done. Abraham Lincoln suspended habeas corpus during the Civil War. Franklin D. Roosevelt circumvented the Neutrality Act by sending 50 destroyers to Britain, and John F. Kennedy supported (albeit inadequately) an invasion, sponsored by the Central Intelligence Agency, of a country not at war with us. History exonerated such Presidential initiatives as necessary

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in an emergency. In the case of the aid to the contras, Congress did not wait for history to pass judgment; it endorsed the President's policy within a year.

Unlike criminal law, laws passed by Congress to delineate policy abound in gray areas. Determining where stretching ends and transgression begins is well-nigh impossible. Many, for example, believed the Boland Amendment, which prohibited aid to any group trying to overthrow the Nicaraguan Government, was unconstitutional, but there is no way for the President to get an "advisory" on such matters from the Supreme Court unless a case involving the policy comes before the Court.

What's more, if he wishes to act in secret, as he sometimes has to, particularly in the sieve-like atmosphere of Washington, he must ultimately trust his feeling that he is doing the right thing and take his chances with the electorate when the inevitable revelation of his deeds occurs. There are, after all, only three major avenues for conducting foreign policy — diplomacy, covert action and war. With fiercely hostile regimes, diplomacy is often useless; and hobbling Presidential discretion in covert operations would so limit his options that he might feel reduced to choosing between war and surrender.

This is not to say that Presidential transgressions, or even mere mistakes, should go unpunished. But the

Errors were  
made, but  
the President  
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a wide berth  
for foreign  
policy.

punishment must fit the offense. The leaders of America's major allies, President François Mitterrand and Prime Minister Jacques Chirac of France, Prime Minister Margaret Thatcher of Britain and Chancellor Helmut Kohl of West Germany have all been directly implicated in scandals far more serious, ethically, morally and legally, than anything the President may have had knowledge of. And they all suffered substantial, though not irreparable, political dam-

age. But none had to endure a protracted, relentless media onslaught, a torturous parliamentary investigation, an endless diversion of legislative and executive energies and a virtual paralysis of government functions.

It is difficult to understand the American national penchant for self-flagellation. Perhaps it is a residue of the crisis of credibility caused by the traumas of Vietnam and Watergate. Perhaps it reflects a tendency to so idealize popular Presidents that we feel betrayed on discovering their human frailties. But the underlying problem is the innocence with which Americans view the world.

If the world were a tidy, peaceful place, where adversaries could settle disputes with calm cordiality, with a handshake and a smile, Americans would have the right to expect that all the Queensbury rules be meticulously observed. But in fact the world is infested with totalitarian regimes, vicious police states and medieval tyrannies, whose fondest wish is to see America crumble. As far as they are concerned, there is a permanent state of war, a dirty, undeclared but unremitting war, often including terrorist attacks, between them and the free world. If Americans greet every misguided and improper Presidential response to this war with an orgy of self-recrimination, they shall not butress their system but help their worst enemies achieve their goals. □

WASHINGTON  
James RestonThe  
Democrats'  
Dilemma

WASHINGTON  
Coming back to the leadership of both houses of the Congress for the first time in six years, the Democrats are confronted by both an opportunity and a danger. And how they handle this dilemma may very well determine whether they regain control of the White House in 1988.

The danger is that they will use their new responsibilities mainly to oppose the policies of the Reagan Administration, to dramatize its failures and mock its pretensions.

The temptation to follow a negative strategy is obvious. The Reagan Administration has presided over a national debt that is larger than that of all previous administrations combined. And while it has reduced inflation and interest rates and goes into the new year with a booming stock market, it is saddled with a record trade deficit and an embarrassing catalogue of foreign policy failures and scandals.

It is a risky business, however, for the Democrats merely to concentrate on the record of the past, part of which they contributed to. Their challenge is to come forward with a national agenda of their own for the last years of the 80's and the beginning of the 90's that is addressed to the mounting problems at home and abroad.

This does not mean that the investigations into the shipment of arms to terrorists in Iran or the diversion of funds to the contras of Nicaragua should be neglected. But it does mean that the people, voting two years hence, will be more interested in the Democratic Party's vision of the future than in its indictments of the past.

At home, for example, what ideas do the Democrats have about the alarming growth of public and private debt; about the decline of American industry in relation to foreign competition; about the plight of the poor and of individual farmers, and about the deterioration of the cities and the environment and the education of our children?

Abroad, what is their approach to the nuclear arms race, the loss of control over the nation's borders, the infiltration of Communist authority in Central

Merely  
to oppose,  
or to  
propose?

America and the collapse of meaningful negotiations in the Middle East?

For the time being, and not surprisingly, they have no answers, not even a common approach, to these problems. They have a collection of ambitious men who would like to succeed Mr. Reagan, each having his own view of what the party's policies should be.

In general, the Democrats reject the notion that the Reagan Administration has achieved a successful revolution against the welfare-state policies of the New Deal and Fair Deal, but they are also inclined to believe that Mr. Reagan has created, by his personality and his mastery of television, a political revolution in the art of winning elections.

Accordingly, one faction in the party believes that it can regain control of the Executive only by accepting, perhaps in a modified form, some of the Reagan Administration's pro-military, pro "Star Wars," pro-business, pro contras, loser-beware policies.

Another faction, however, argues that if the Democrats go to the country in 1988 with a me-too agenda, the people will prefer the Republican original rather than a bogus copy. So this wing would take the easy way of damning the Reagan policies of "borrow and borrow, spend and spend" and reverting to the old Democratic policies of "tax and tax, spend and spend."

There is, however, a growing realization among Democratic moderates and progressives — and this includes most of their leading Presidential candidates — that the hope of their party lies in neither of these extremes; that they must not plan for a world that is gone or dream of their glory days, but assess the needs of the nation in a changing world and define a coherent platform for future action.

This has not yet been done and it is a difficult thing to do. We do not operate under the parliamentary system, where the opposition party is sort of a government-in-waiting, with its own shadow cabinet and its clearly defined party manifestos.

But in 1987, before the candidates start storming the primary elections on Super Tuesday of 1988 and flying from one airport to another with appeals to local interests, it might be useful to think about what the nation requires, and what the Democratic Party stands for rather than merely who stands for it.

There are some signs of movement in this direction, but most of them are individual exertions. Gary Hart of Colorado, for example, has taken the trouble to define his policies in a series of remarkably good speeches, and Governor Cuomo of New York is beginning to speak out and recognize that maybe he has no right, considering the state of the Republic, not to try openly for his party's nomination.

In this sense, 1987 can be a useful year, not in providing answers to our problems, but at least in getting the questions straight. □



## Duvalierism Without Duvalier

By Michael S. Hooper

Next month will mark the first anniversary of the ouster of Haiti's President-for-Life, Jean Claude Duvalier. Yet Haiti remains firmly in the grip of Duvalierism, even without Duvalier. As the anniversary approaches, the United States should take the opportunity to signal its disapproval of this institutionalized brutality.

The United States played a part in Mr. Duvalier's fall by refusing, at the 11th hour, to certify his Government's performance on human rights. Washington thus broke with its longstanding practice of effectively winking at Mr. Duvalier's appalling mistreatment of his own people and withheld pending aid — a clear signal that our support for the Duvalier dynasty was finally at an end. As a consequence, when the dictator finally boarded a plane supplied by Washington and fled the country that he, his family and his cronies had pilaged for nearly three decades, the United States emerged with considerable good will in Haiti. Today, unfortunately, much of that good will has been squandered.

Even with the dictator gone, Haiti is being governed by a predominantly military body called the National Governing Council. It is supposed to be preparing the way for democracy, but it has not undertaken efforts to develop democratic institutions and

Michael S. Hooper, a lawyer, is executive director of the National Coalition for Haitian Refugees, a human rights organization.

seems to have no vision of democracy beyond the formal holding of elections. The inadequacy of this approach is suggested by the failure of more than 90 percent of eligible voters to turn out in recent elections for members of a Constituent Assembly charged with writing a new constitution. Most Haitians apparently believed that the elections would not play a significant part in shaping their future, and so they did not bother to vote.

In the meantime, the military continues to rule with a heavy Duvalierist hand. The armed forces violently suppressed several peaceful demonstrations last spring with considerable loss of life and extensive injuries. In November, during a police riot in Port-au-Prince, troops fired wildly at Roman Catholic Church buildings and the country's largest radio station. There have been three "disappearances" in recent months — including a church lay worker — and a number of political and social welfare activists have been illegally seized and taken from their homes.

The Reagan Administration identified the United States with the governing council virtually as soon as it

took power last February: without even waiting to see how it performed, Washington certified that its human rights performance justified the resumption of aid. The Administration also asked Congress to resume direct assistance to the Haitian military — money effectively taken away from the Haitian people's efforts to deal with the country's desperate economic needs. The effect has been to link the United States with the abuses of the armed forces and to make us vulnerable to the charge that we are helping to perpetuate Duvalierism.

Congress is also to blame, for it failed to heed the call, by a number of Haitian legal and religious organizations and international human rights groups, to end all military aid. It did, however, write a new set of conditions into the law authorizing military aid. These included an end to specified abuses by the armed forces, a requirement that past abuses should be investigated, protection of the rights to speak and to assembly, and complete demobilization of the Tontons Macoutes — the infamous force of armed "volunteers" through which the Duvaliers controlled and abused the Haitian people.

President Reagan must soon decide whether he will certify that Haiti has complied with these new conditions. It would be unfortunate indeed if he were to revert to the policy of the Duvalier years — a policy of unconditional support for a brutal dictatorship. Above all, the President must not fall back into the habit of repeatedly certifying compliance with human rights conditions regardless of the actual human rights practices in Haiti. It is unlikely that the United States will again have an opportunity to redeem itself in the eyes of long-suffering

Nearly a year  
after the  
dictator fled,  
the U.S. has  
squandered  
good will  
among the  
Haitians.

Haitians as it did when it helped to precipitate Mr. Duvalier's ouster.

Haitians are demanding democratic government, respect for human rights and grassroots economic development. Washington cannot hope to allay their suspicions about its long-term intentions unless it unequivocally supports these goals. The first step is for President Reagan to comply with the letter and spirit of our laws by refusing to certify.

If, on the other hand, Washington continues to push more military aid on the Haitian Government, it will effectively block the Haitian people's demands for fundamental economic and political change and thereby help perpetuate Duvalierism. This would align us yet again with a small elite and against the aspirations of a vast majority. Surely that is not the signal we want to send to the Haitian people. □

Washington  
should signal  
disapproval  
of continued  
brutality.



# Arts & Leisure

## 'Platoon' Finds New Life in the Old War Movie

By VINCENT CANBY

I kept thinking about all the kids who got wiped out by 17 years of war movies before coming to Vietnam to get wiped out for good," Michael Herr remembers in "Dispatches," his book of Vietnam memoirs published in 1977.

"Most combat troops," he goes on, "stopped thinking of the war as an adventure after their first few firefights, but there were always the ones who couldn't let that go. A lot of correspondents weren't much better. We'd all seen too many movies, stayed too long in television City, years of media glut had made certain connections difficult."

"...even after you knew better you couldn't avoid the ways in which things got mixed, the war itself with those parts of the war that were just like the movies, just like 'The Quiet American' or 'Catch-22'... just like all that combat footage from television..."

In "Living Room War," his 1969 collection of essays, Michael J. Arlen takes exception to those who were saying at that time that television was making "the hazards of [the Vietnam] war...real" to the civilian audience. Those hazards, he suggests, are "also made less 'real'—diminished, in part, by the physical size of the television screen, which, for all the industry's advances, still shows one a picture of men three inches tall shooting at other men three inches tall..."

Whether the images are 30 feet tall or three inches, movies and television work on us in similar ways. The images are drugs whose side effects aren't immediately recognized. They do inform us, but with whatever "truth" they hold to be self-evident, which may be Rambo's or Walter Cronkite's.

Movies and television can make the wildest fiction look like fact, and lethal facts look as harmless as fiction. Even at their most reasonable, movies and television



A scene from the Oliver Stone film—Coming out of a long tradition that includes everything from "Battleground" to "The Green Berets," "it uses a number of war-movie conventions, but so effectively that it's as if they'd been reinvented."

must distort their subjects to the extent that they find esthetic order in chaos, conferring on events a romantic vision or, at least, a comprehensible overview. They put at a safe distance those unmentionable, unrecognized things that otherwise are allowed to enter our minds only as nightmares.

Now, nearly 12 years after the fall of Saigon and nearly 20 years after the particular time it recalls, comes Oliver Stone's "Platoon," the best fiction film yet made about the fighting in Vietnam. Here's an exceptionally good, serious, foot-soldier's view of the war that, in spite of its sense of desolation, could well inspire the fantasies of some future generation of American soldiers.

It's something of a circle. As the film maker's imagination shapes his movies, those movies shape our imaginations. Thus, as Mr. Herr writes, the war itself gets mixed with those parts of the war that are just like the movies.

Though "Platoon" is a far cry from John Wayne's gung-ho "Green Berets," it's still a work of fiction. It comes out of a long tradition of "war" movies—everything from "Battleground" to (don't laugh) "The Green Berets." It also uses a number of war-movie conventions, but so effectively that it's as if they'd been reinvented.

"Platoon" finds in the experiences of the members of a single platoon of soldiers some equivalent to just about every horror story we've ever read about Vietnam, including the My Lai massacre. This is the license that can

be granted to a film that—until its final few minutes—so rigorously keeps its eye at ground level.

It shares with its soldiers the pervasive physical discomforts of heat, damp, insects and exhaustion that, somehow, are made bearable by (because they seem less important than) their fear. Never before, I think, have I seen in a war movie such a harrowing evocation of fear, which functions like adrenaline but feels like a headache, the kind that rises and falls but never quite disappears. As much as anything that actually happens in combat, it's day-to-day fear—the will to survive, attached to the awareness that there's no earthly reason one has to—that alters the psyche.

Mr. Stone's achievement is not in the creation of a new kind of war movie but in the degree to which he rediscovers new life in the old, which he virtually redefines by cleaning away the debris that has accumulated over the years.

"Platoon" is a lean film, beginning with its dusty, hazily golden opening shots on a Vietnam airstrip, where new arrivals from the States are being deposited from a giant transport plane that looks like a World War II LST, though one that magically flies. Very little is specifically stated. Mr. Stone doesn't have to announce his meaning (though he eventually does, in the film's only major lapse of judgment). The film's talk is mostly to the point of what's happening, or might happen, or can't happen, which is what most vividly describes the soldiers' boredom.

Its three principal characters are Chris Taylor (Charlie Sheen), the young college dropout, who's the film's hesitant mouthpiece, and the two sergeants who have effectively split the platoon between them. They are Barnes (Tom Berenger), a seriously out-of-control, life-sized, clay-footed version of the "fighting machine" Sylvester Stallone glorifies in "Rambo," and Elias (Willem Dafoe), a man no less tough than Barnes, but whose tours of duty have transformed him into a soft-spoken, al-

most embarrassed prophet of doom.

The other members of the platoon don't wear labels that immediately characterize them. They take some time to get to know and, even then, they tend to merge, not as stereotypes but as the same sorts of men. "Two years of high school, mostly poor and unwanted... They're the bottom of the barrel, and they know it," is the way Chris Taylor describes them. The differences that finally do distinguish them are all the more prized and moving for being so finely graded.

Mr. Stone appreciates the singularity of the grunts without italicizing them. It's part of the film's revivifying mystery that when the members of this particular platoon find themselves on the verge of wiping out an entire village, the identities of the men who cave in to the hysteria (and of those who hang back) haven't been predictable.

"Platoon" is about war as seen by men for whom the only goal is daily survival. There are no great issues here, no debates about good and evil. It's about fighting for anonymous pieces of jungle, to hold positions that may well include the enemy, in a landscape of code names and numbers, where there are no points on the compass. It's to the film's credit that it manages to bring moral order to this confusion without celebrating it.

Whether or not this is what the public wants to see, I've no idea. At the theater where I saw the film, there was a small but noisy claque that kept trying to respond to the film's reluctant heroes, and to its grim battle footage, as if "Platoon" were really another "Rambo." It wasn't easy. The My Lai-like sequence began promisingly, but the resolution clearly left some of the claque unsatisfied.

Does "Platoon" romanticize its grunts? I suppose it does, at least to the extent that all movies somehow lead larger-than-life importance to whomever they acknowledge. There are also occasional moments when Mr. Stone allows a self-conscious image to repeat an idea that requires no amplification—as in the Christ-like image of a betrayed American soldier being crucified, not on a cross but by bullets.

Not having been in Vietnam, I've no idea how accurate "Platoon" is in some of its details. Is the ratio of black "grunts" to white grunts correct, and does Mr. Stone soften the bitterness of racial antagonisms? Someone else can answer those questions. Anyone who fought in Vietnam will bring to the film a set of expectations far different from those of someone for whom Vietnam was, first, the living room war, then the war of written recollections and, most recently, the war as refought in the case of Westmoreland v. CBS.

It may say something about the American public's feelings toward the entire Vietnam experience that it's taken this long for the producers of a commercial film to attempt to make such a movie. As fine as they were, both "Apocalypse Now" and "The Deer Hunter" more or less floated above the concerns of the American foot soldiers and saw the war in terms of mythology. "Rambo" and Chuck Norris's two "Missing in Action" films jumped the gun, giving us revisionist views of a war whose sad end had scarcely been admitted by movies—with the exception of "The Deer Hunter"—in the first place.

Clint Eastwood's new film, the hugely popular war-comedy, "Heartbreak Ridge," acknowledges the Vietnam defeat, but then goes on to buck us up with a reenactment of our military triumph in Grenada. If I interpret "Heartbreak Ridge" correctly—and I'm not sure it makes complete sense—it seems to suggest that the only wars we can win from now on must be of the scale of the invasion of Grenada.

I've no way of knowing, but I suspect that in any future, nuclear-free engagements, the men who fight it will, in their fantasies, be seeing themselves not as any member of "Platoon's" Bravo company but as good old Clint. Mr. Eastwood still exemplifies the glamour that, in most of our war movies to date, disguises the true consequences of mortality. There's very little glamour in "Platoon."

## A Film Satire's Barb Jabs Japan's Television News

By CLYDE HABERMAN

TOKYO It is an arguable distinction, but "Comic Magazine" may be the only Japanese film ever conceived in a jail cell.

The movie is a scathing satire of a breed of television journalist who is all too common in Japan. For him, each story is the video equivalent of a kamikaze attack.

His taste in news runs to celebrity scandals. His notion of an interview is to catch his subject off-guard and

though I was convicted of nothing," he recalled. "Suddenly, it was just Uchida. No Mister."

"Uchida, aren't you ashamed," they'd shout. They treated me like a criminal even before I was found guilty or not guilty. This kind of reporter is the worst offender of human rights. That's when I started thinking of several possibilities for a movie."

The result was "Comic Magazine," starring and co-written by Mr. Uchida, who also rounded up the financial backers. It might well be subtitled, "Uchida's Revenge."

In the film he plays Kinameri, a

named Seiko Matsuda as if it were of Imperial moment. Soon after that, 520 people died in the crash of a Japan Air Lines jumbo jet. Some Japanese reporters distinguished themselves by thrusting microphones at survivors as they lay on stretchers that were being carried into a hospital.

For many people, a journalistic low-water mark was reached the same year when two thugs broke into the apartment of an accused embezzler and hacked him to death with swords. The embezzling case had drawn great attention, and so the suspect was followed round the clock by platoons of reporters. When the sword-carrying assailants showed up, the news-gatherers stood by and did nothing other than to elbow one another for better camera position as blood spattered.

The incident is reenacted chillingly at the end of "Comic Magazine." For once, Kinameri breaks through his moral shell and tries, though in vain, to stop the attack.

"I interviewed a cameraman who was at the real murder," Mr. Uchida said. "He said there were three types of reporters there—those who were afraid to act, those who were too surprised to act and those who simply saw a great story." In the film, Kinameri does not mask his contempt for them all and perhaps for himself, too, although some might take the fact that he is almost killed for his troubles as a persuasive argument against getting involved.

Unlike the iron-faced Kinameri, the man behind "Comic Magazine" is given to smiles and sardonic asides. He is a 47-year-old, self-confessed man-child, a slight figure with unruly hair who says things like "I hate the word maturity—I want to be a damn rock-and-roller until the day I die."

Mr. Uchida has been a rock performer, and more recently a concert organizer, since he was 17. He dresses in black, 1950's American style, looking like a refugee from "Blackboard Jungle."

His occasional public brawls have earned him a bad-boy reputation that once led, he said, to a dressing-down from his friend Yoko Ono. He had called on her at the Dakota apartment house in Manhattan. "She said that you have to establish your own art world," Mr. Uchida recalled. "She told me that if I was interested only in drinking and sex, I'd only be a street rocker. That made me mad. I kicked her door, and didn't go back there for four years."

Whether or not as a result of that lecture, however, he broadened his interests to include film. In the early 1980's, he appeared in or co-wrote two movies, "Pool Without Water" and "Mosquito on the 10th Floor." Both had anthros as protagonists. Both offered cold-eyed views of society.

Even by the cash-strapped standards of the Japanese movie industry, "Comic Magazine" was produced for a song—about \$430,000, all of it raised by Mr. Uchida from friends.



Shima Daisuke and Yuya Uchida, the star and co-writer of "Comic Magazine"—"I consider my movie making an extension of rock 'n' roll."

then pounce, camera rolling and microphone ready to be wielded like a club. Of course, the ambush interview is hardly unknown in the United States. But in Japan it is conducted with a special blend of sledgehammer delicacy and bulldog finesse.

Yuya Uchida is quite familiar with show-business journalism, having learned it from the other side of the lens. Twice he sat in jail staring at cameras and staring down screaming newsmen as the price he paid for being one of Japan's better-known rock-and-roll singers.

The first time was in 1977, when he was arrested on a marijuana charge. There was no question that he had been smoking marijuana, Mr. Uchida says now. But the evidence against him was slender, so he was not indicted. Then four years ago, he went after a rock promoter with a knife for paying foreign entertainers far more than comparable Japanese performers.

There was no question that his protest had been "somewhat violent," Mr. Uchida says now. Once again, though, he was not indicted.

Both times, these reporters who had been calling me Mr. Uchida suddenly changed their attitude even

persistent but enigmatic television reporter who conducts interviews with vinyl-coated sensitivity. At the funeral of a murdered young woman, he asks the mother if she knew that her daughter was a prostitute. He barges in on an accused killer and ends up debating press freedoms with him. He talks with Philippine bar girls, seemingly oblivious to their gangster boss who is shoving him out the door.

When "Comic Magazine" was shown in New York last spring at the New Directors/New Films Festival, Vincent Canby of The Times said, "It's a scurrilously funny picture of a technologically advanced society with an insatiable appetite for what's largely irrelevant." It is also a movie filled with episodes that an audience might be tempted to dismiss as farce, except for the fact that they really happened.

Mr. Uchida's good fortune was to have done his filming in 1985, a bumper year for journalistic excess and outrage in Japan. He has captured most of the nonsense with a clear eye. It was a year in which the Japanese press treated the million-dollar wedding of a teen-agers' idol

## Inside Information

BY DERRICK C. NIEDERMAN/Puzzles Edited by Eugene T. Malachuk

| ACROSS |  |    |                         |    |                            |    |                           |    |                                    |    |                           |    |                    |    |  |    |                          |    |                   |    |                  |    |                  |    |                       |    |                        |    |                                   |    |  |    |   |    |                  |    |                    |     |                       |     |                                      |     |                       |     |                             |     |   |     |        |     |  |     |                 |     |                                  |     |                            |     |  |     |                     |     |                       |     |              |     |                    |     |                   |     |               |     |                    |     |                     |     |                  |     |               |     |                     |     |                   |     |                            |     |         |     |                      |     |                   |     |                    |     |              |     |               |     |                |
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| 1      | Griddle offering                           | 6  | Black-tie accessory     | 11 | Military advance           | 16 | Crane                     | 21 | Egg on                             | 26 | Fragrant                  | 31 | Yell about         | 36 | owning beard softener                  |    |                          |    |                   |    |                  |    |                  |    |                       |    |                        |    |                                   |    |  |    |   |    |                  |    |                    |     |                       |     |                                      |     |                       |     |                             |     |   |     |        |     |  |     |                 |     |                                  |     |                            |     |  |     |                     |     |                       |     |              |     |                    |     |                   |     |               |     |                    |     |                     |     |                  |     |               |     |                     |     |                   |     |                            |     |         |     |                      |     |                   |     |                    |     |              |     |               |     |                |
| 2      | Meat found in                              | 7  | dessert at shore outing | 12 | Spread seeds               | 17 | Chinese official's office | 22 | Degrees of merit                   | 27 | Aboriginal Chinese people | 32 | Pierced repeatedly | 37 | Ukr. is one                            | 42 | Humiliate                |    |                   |    |                  |    |                  |    |                       |    |                        |    |                                   |    |  |    |   |    |                  |    |                    |     |                       |     |                                      |     |                       |     |                             |     |   |     |        |     |  |     |                 |     |                                  |     |                            |     |  |     |                     |     |                       |     |              |     |                    |     |                   |     |               |     |                    |     |                     |     |                  |     |               |     |                     |     |                   |     |                            |     |         |     |                      |     |                   |     |                    |     |              |     |               |     |                |
| 3      | Top-notch                                  | 8  | Sun of China            | 13 | Legal right                | 18 | Fugard's "A Lesson from"  | 23 | Play quills                        | 28 | Rock elm                  | 33 | Compass pt.        | 38 | Outside range, sandwich is least tasty | 43 | Finished                 | 48 | — was saying      |    |                  |    |                  |    |                       |    |                        |    |                                   |    |  |    |   |    |                  |    |                    |     |                       |     |                                      |     |                       |     |                             |     |   |     |        |     |  |     |                 |     |                                  |     |                            |     |  |     |                     |     |                       |     |              |     |                    |     |                   |     |               |     |                    |     |                     |     |                  |     |               |     |                     |     |                   |     |                            |     |         |     |                      |     |                   |     |                    |     |              |     |               |     |                |
| 4      | Suffix for certain acids                   | 9  | Noah's units            | 14 | Myrna                      | 19 | Tinto, city in Brazil     | 24 | Slothlike                          | 29 | Nastase                   | 34 | Macadamize         | 39 | Spanish landladies                     | 44 | Wires are reentered      | 49 | anew in shop      |    |                  |    |                  |    |                       |    |                        |    |                                   |    |  |    |   |    |                  |    |                    |     |                       |     |                                      |     |                       |     |                             |     |   |     |        |     |  |     |                 |     |                                  |     |                            |     |  |     |                     |     |                       |     |              |     |                    |     |                   |     |               |     |                    |     |                     |     |                  |     |               |     |                     |     |                   |     |                            |     |         |     |                      |     |                   |     |                    |     |              |     |               |     |                |
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**ANSWER TO PREVIOUS PUZZLE**

|   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
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# Bravo

MUSIC  
REVIEW

CONCERT BY ACOUSTIC "All composers group in honor of Oskar Gottlieb Blarr, in cooperation with the Ghetto Institute and the Tel Aviv Academy of Music (Festlich Hall, Tel Aviv University campus, January 8). Works by Becker, Blarr, Lerner and Dorfman.

THIS WAS the concert which, in a week of unprecedented musical activity, actually stole the show. Its central figure was Oskar Gottlieb Blarr, composer, organist, and director of music at the Dusseldorf central Protestant church. Blarr, once spent a sabbatical in Israel and since then has been back every year. His connection with Israel, its musical culture and especially the theological aspects of his intimate contact with Judaism have had a profound influence on his music.

One of the works composed as a result of this source of inspiration, is the "Ein Keren" Concerto for 2 pianos. Its first movement, "Toccata for Hanukkah," combines resounding chordal sections with a contrapuntal treatment of the *Maoz Tzur* melody. The second movement, "Ricercar a 8," drawing its inspiration from Bach's unique "Ricercar a 6," from the "Musical Offering," is a masterpiece of polyphonic writing. But even more stunning is the last move-

ment, "Polka Simhat Torah," in which a syncretized hassidic dance tune gradually develops into a towering climax. The concerto is a truly brilliant composition and a most valuable addition to the repertoire of music for two pianos. The Beersheba Duo of Sarah Fuxon-Feyman and Bart Berman gave it a rousing performance.

Two other works by Blarr show that even prior to his Israel experience he was enchanted by Oriental, or more precisely, Mediterranean musical cultures. His "Enchiridion" for two oboes and English-horn, excellently played by Elijah Thorner, Dana Ben-Ezra and Limor Shifoni-Nesher, presents an intricate heterophonic texture in which the three voices turn and twist around each other.

"Threnos-II" for viola d'amore sounds even more Oriental. Being dirge-like in mood and expressing solemn grief, its monophony combines melodic *maqam* patterns with the sound effects of the Greek *bozouki*. Daniel Fradkin's interpretation was deeply moving.

Mediterranean and Oriental influences were surprisingly the common denominator of all the pieces pre-

sented at this concert including the "Divertissements" for solo guitar by Günther Becker, another prominent German composer, who spends all his vacations in Greece. Becker combines *ad techniques*, embellished central tones, and a virtuoso variety of modern guitar effects. Only Lavan gave the extremely demanding piece an exemplary reading.

Surprising as it may seem, even Josef Dorfman's effective and amusing "Metamorphosis on Themes by Mozart" for piano four hands, often turns towards the modal and Oriental.

Last but not least was Gabriel Iranyi's "Laudae" for two pianos which was a truly magnificent contribution to the outstanding bill. Using what could perhaps be termed neo-impressionism, Iranyi's stops his tonal chordal and melodic progressions in huge sound clouds, which contain myriads of scintillating and shimmering tones of sparkling brilliance. But what perplexes more than anything else is that "Laudae," written for piano, actually impresses as if it were sung by a huge hidden, celestial chorus. Again the untiring Beersheba Duo provided a first-class performance. What a concert! Oskar Gottlieb Blarr will give an organ recital at Jerusalem's Redeemer Church in the Old City this Thursday, January 15 - don't miss it.

BENJAMIN BAR-AM

## Cowardly need

RANDOMALIA  
Miriam Arad

SHMULIK AND Ziva were among the founders of a kibbutz, right after the War of Independence. Shmulik left the kibbutz after a year or so, Ziva after two. Some 30 years later they met at a concert, both in their early fifties now.

They were delighted to see each other, and the usual conversation ensued: What do you do? And You? How many children do you have? Whatever happened to so-and-so? Before parting, Shmulik asked Ziva for her address, so that "maybe, if I ever pass that way, I might come and see you." Whereupon Ziva looked him straight in the eye and said: "What for?"

And I, who was present at that encounter, have admired Ziva ever since. She was right, of course. There's very little point in resuming any kind of relationship after a gap of 30 years. When you have done

with the what-do-you-do and how-many-children questions, plus perhaps a bit of nostalgia, there is nothing more to say. At best, such a visit as Shmulik had in mind would be embarrassing, at worst it would be painful. But to come right out and say it like that? "What for?" How many of us dare offer a straight "no" anyhow, without tying ourselves into knots, dressing up our refusal in impromptu lies and excuses. And how many of us end up saying "yes" because we haven't got Ziva's sort of guts?

And so we lend books when we'd rather not; go out when all we wanted was a quiet evening at home with the telly; reluctantly agree to babysit for the neighbours; promise to read an aspiring author's manuscript and give him our "honest opinion," which is the last thing he wants; buy things we have no use for; let people bring dogs into our house full of Persian carpets and fragile china ("You don't mind if we bring the dog along, do you?" Like hell you don't.) - all rather than simply say no.

Why? One suggestion offered in the private opinion poll I held was that we hate to hurt people's feelings. There may be that, but somehow I don't see us all overflowing with the milk of human kindness to such an extent. Not all of us. Not at the cost of our carpets and china.

A not dissimilar suggestion was that we identify with the other person, and act on the principle of "Do not do unto others as you would not be done by." I don't quite buy that either.

What I do think is that our reluctance to say no is rooted in a basic human need: the need to be liked. It's that which makes cowards of us all except Ziva. We want to be loved by all and sundry, meaning not just near and dear ones, but even total strangers like a door-to-door salesman peddling combs and razor blades. We can't bear the idea of his disapproval so we either buy a comb from him, or feel it incumbent upon us to apologize for not buying one. ("I'm awfully sorry, we're all of us bald.")

The title of a one-time American bestseller had it that, *When I Say No I Feel Guilty*. That is as may be, but I suppose we should expand that title to: "But When I Say Yes I Feel Stupid."

## Furs, fins and feathers

by D'vora Ben Shaul

NO MATTER what I think I'm going to write about, the letters I receive provide more interesting subject material.

For example, in response to my advice about having the vet check a cat's teeth, a reader wrote a letter about having cat's teeth cleaned periodically and the attendant problems of general anesthesia. Not only cats, but dogs as well, particularly older ones, and those who do not get good big bones to chew, often need to have their teeth scaled.

The practice of cleaning dogs' and cats' teeth is common in the U.S., Canada, South Africa, England and Holland. This is not the case in most other European countries and I have had vets who were trained elsewhere deny its necessity apart from exceptional cases. I have seen good and bad results from both scaling and not scaling teeth.

As for anesthetics, just as I would never submit or allow my dependents to submit to a general anesthetic unless there was a good medical reason, so I do not expose my pets unless necessary. One must remember that a general anesthetic, even in the hands of the most skilled practitioner, is not without its risks.

## Teething problems

ANOTHER question is whether a cat will be harmful to a newborn baby. I would exclude the cat from the nursery until the baby is several months old, except for the times when I am in attendance. I certainly would not leave the baby alone with the cat in a room where it might sit on the baby's face or otherwise disturb it. Nevertheless, having a baby does not automatically oblige one to give up pets.

One young reader writes that his pair of golden hamsters gave birth to a litter of four baby hamsters that are not golden. One is snow-white and three are a pastel sort of pinkish beige.

Since we do not know their ancestry, his pair may well be from a line where these colors are well represented. In this case, two recessive genes of the irregular color would account for it. Hamsters also have a well-developed propensity for color mutation.

All the domestic hamsters in the world can be traced back to two females and one male that were captured in Syria along the Turkish border and were first bred in captivity at the Hebrew University in Jerusalem on Mt. Scopus in the '30s by the late Prof. Saul Adler. Today, due to repeated mutations there are many colors, and hamster clubs in the U.S., and more especially in England, set great store by the off-colored types.

A LAST letter deals with a puppy that is almost house-trained but cannot seem to resist one particular corner of one special carpet where it makes repeated puddles. This is a common occurrence and should be dealt with firmly but with intelligence.

First of all, the smell of previous puddles stimulates the dog to use this particular place, so, before you do anything else, you should shampoo the carpet, and then wipe down with a cloth dipped in vinegar. Following that treatment, reverse the carpet so that the favored spot is no longer in the same place it used to be.

Try to prevent the pup from being alone in the room where the carpet is. Usually, this is enough to deter the most stubborn carpet puddler. Especially important is being alert, taking the pup outside the minute it starts to sniff at the carpet and not bringing it back in until it has relieved itself. If this does not work and the carpet is small, take it up for a few days. If you cannot do this, then try to keep the pup out of that room. However, this is rarely necessary and a bit of firm insistence, combined with patience, is usually enough.

## SOCCER

### Youth footballers in New Zealand

By PAUL KOHN  
TEL AVIV. - The National Youth Team to the age of 19 set off yesterday on the long journey to New Zealand to take part in a five-nation World Cup qualifying tournament in the Oceania Group. Prize for the winners of the group is a place in the junior World Cup finals in Chile in October.

National Youth Team coach Gideon Cohen has taken 18 players with him for the games against New Zealand, Australia, Fiji and Taiwan that will take place between January 17 and 26. Israel's first game is against New Zealand on Saturday, facing Australia two days later with the games against Fiji and Taiwan winding up the tourney.

"I think we have a very good team

but it's a tough mission we embark upon a long way from home," Coach Cohen said before departure. He said he was well aware of the kind of football Israel's opponents will play. "I believe we can win the group and earn a place in the World Cup finals in Chile," the 50-year-old coach added.

Cohen was in charge of the squad which took fourth spot among the eight countries in the recent international youth tourney here. While that performance could hardly be termed a success, it did provide the coach with an opportunity of seeing his squad's strengths and weaknesses.

Many of the squad are first team players with National League teams. It is their absence from their club teams that made the Football Association decide on a three weeks break in the league season.

In attack, Cohen will be counting on goals from his captain Moshe Ebenberg of Be'er Yehuda, Hay Mordechai of Maccabi Haifa and Yair Sanduri of Maccabi Tel Aviv. Also Mervin Tasson has scored five league goals this season for Hapoel Petah Tikva. Key players in the midfield are Alon Hazan of Hapoel Petah Tikva and Lior Baranes of Hapoel Tel Aviv, with stopper Benay Knafo of Hapoel Petah Tikva and Guy Shorah of Be'er Yehuda the mainstays in defence. Lavi Kuzmitsky of Maccabi Jaffa is first choice goalkeeper.

Other members of the squad are: Shlomo Manna (Shimon) goalkeeper; Elad Koren (Mac Netanya), Ron Rabinovich (Hap, Kfar Sava), Yitzhak Lery (Mac Jaffa), and Tamir Daniel (Mac Petah Tikva), defenders; Ronen Luzzon (Mac Netanya), Doron Biton (Hap Ramat Gan), Tal Baral (Mac Netanya), midfielder; and Tal Benay (Mac Petah Tikva), attack.

Travelling with the squad is referee Ovadia Ben Yitzhak, who will be in action in several matches, and team manager Avraham Beudori. Coach Cohen, of Rehovot, had a good track

record with second division teams. He's army, Ashkenazi and Marmorek, all of whom he has led to promotion at various times.



YOUNG HOPEFUL. - Yair Sanduri.

## AUSTRALIAN OPEN

### Mansdorf gets bye, but Lendl is near - Bloom plays qualifier before Edberg

By JACK LEON and agencies  
The main obstacle to Amos Mansdorf's road to glory in the Australian Open, starting today in Melbourne, may turn out to be Ivan the Terrible, whom he may well encounter in the third round.

Mansdorf has drawn a bye in the first round. In the second round, he will play the winner of a match between Matt Anger and Marcel Freeman. Should he win this, he will then probably face Ivan Lendl, the No. 1 seed, in the third round. Lendl also has a bye in the first round.

Mansdorf reached the third round both at Wimbledon and in the U.S. Open in 1986. At Wimbledon he lost to Lendl, but managed to take a set off him.

Gilad Bloom plays qualifier John Letts, ranked 377, in the opening round. If he wins, he will then encounter the defending champion, Stefan Edberg, the fourth seed. After vanquishing Edberg - if he does - he will have an easier match in the third round. Letts won the doubles

last October at Ramat Hasharon.

Mansdorf, now ranked 39, beat Matt Anger, ranked 53, in four sets in the final of the recent S.A. Open. But it must be borne in mind that Anger has liked playing on grass surfaces ever since he won the Wimbledon junior championship in 1981. In 1985 he was a semi-finalist in the NSW Open in Sydney.

Marcel Freeman has climbed from 243 to 50 in the rankings. He was a semi-finalist recently at Auckland.

Gilad Bloom has just celebrated a great weekend in his blossoming tennis career. Climbing to around 140 in the ATP's world doubles rankings after his success in Auckland and then learning that he had been accepted as a direct entry in the 33-draw singles event of next week's \$150,000 Nabisco Grand Prix in Lyon, France.

The 19-year-old Israeli soldier, who reached the semi-finals in New Zealand with his American partner Jonny Levine, has jumped nearly 350 places up the doubles standings in the past 12 months. Bloom has now overtaken Amos Mansdorf in the doubles rankings, with only Shlomo Glickstein (98 on the computer) ahead of him among Israelis.

Bloom's coach Shlomo Zoref, who is also in charge of Israel's Davis Cup team, said yesterday that, with his high ranking in doubles, Gilad

was a "strong candidate" for a berth in the doubles team for the Davis Cup tie against Czechoslovakia in mid-March.

Australian Davis Cup star Pat Cash believes that Boris Becker, twice Wimbledon champion will win the Australian Open.

Becker's game had improved dramatically since his first Wimbledon victory two years ago, Cash said, and his game was more naturally suited to grass than that of world number one Ivan Lendl. Lendl, the French and U.S. Open champion, has been in Australia for a month acclimatizing to grass, but it is still not his favourite surface.

"Becker's more solid on his volleys now," Cash said. "I was surprised when he won Wimbledon the first time because I didn't think his volleys would stand up to it."

The Davis Cup win has done a lot for Cash's confidence but he is aware there will be immense pressure upon him to perform well in his home town after his victories against Sweden.

"I'm taking the pressure off my-

## SEEDINGS

Men: 1. Ivan Lendl, Czechoslovakia. 2. Boris Becker, West Germany. 3. Yannick Noah, France. 4. Stefan Edberg, Sweden. 5. Henri Leconte, France. 6. Miloslav Meck, Czechoslovakia. 7. Brad Gilbert, USA. 8. Kevin Curren, USA. 9. Anders Jarryd, Sweden. 10. Johan Kriek, USA. 11. Pat Cash, Australia. 12. Miloslav Meck, Czechoslovakia. 13. Robert Seguso, USA. 14. Tim Wilkison, USA. 15. Jakob Hirsch, Switzerland. 16. Ramesh Krishnan, India.

Women: 1. Martina Navratilova, USA. 2. Hana Mandlikova, Czechoslovakia. 3. Pam Shriver, USA. 4. Elizabeth Smylie, Czechoslovakia. 5. Claudia Kohde-Kilsch, West Germany. 6. Manuela Maleeva, Bulgaria. 7. Zina Garrison, USA. 8. Lori McNeil, USA. 9. Robin White, USA. 10. Catarina Lindqvist, Sweden. 11. Wendy Turnbull, Australia. 12. Carling Bassett, Canada. 13. Terry Phelps, USA. 14. Jo Durie, Great Britain. 15. Dianne Baker, Australia. 16. Ros Fairbank, South Africa.

In Auckland top seed Miloslav Meck shook off an injured hand to capture the New Zealand Open yesterday with a 6-2, 6-3, 6-4 victory over Michael Schapers of the Netherlands.

In Sydney, sixth seed American Zina Garrison beat second-seeded compatriot Pam Shriver 6-2, 6-4 to win the N.S.W. Open.

## CRICKET

### Aussies have England reeling

SYDNEY (AFP). - Australian mystery spinner Peter Taylor made a dream debut by claiming the scalps of star England batsmen Alan Lamb and Ian Botham in the fifth cricket Test here yesterday.

The 30-year-old Taylor, one of the Aussies' biggest surprise selections in many years, finished with two for 28 from eight overs as England struggled in chase of Australia's first innings 343.

At close of play on the second day, England has slumped to 132 for 5 - still 211 runs behind.

Resuming at seven for 236, Australia pushed their total past 300 thanks to a brilliant unbeaten 184 by number three batsman Dean Jones with solid support from Taylor, who scored 11 in 84 minutes, and Merv Hughes, who added 16 in 116 minutes. Jones was at the crease for a total of 540 minutes with his score second only to his 210 in the Masters Test against India last September.

Harling came under heavy attack from England's batsmen for most of the already lost

ashes series, Australia surprisingly abridged the top order England batsmen when they began the reply.

Only David Gower and Lamb rallied England's cause by adding 62 for the fourth wicket in 87 minutes. Gower (62 not out) was particularly savage on Hughes.

With England rapidly re-establishing at three for 81, Allan Border took a gamble and asked Taylor to bowl the 22nd over of the innings. It was a more-than-useful gamble.

India lost just two wickets in easily overhauling Sri Lanka's 145 for eight to level their five-match one-day series with three games left.

Vietnam opener Smiti Garwar was named man-of-the-match for his superb unbeaten 70 and Dilip Vengsarkar added an unblemished 43.

A superb 118 by Roger Harper helped the West Indies to 277 for eight at stumps on the opening day of a three-day match against Queensland in Townsville.

## NBA Pistons pound Celtics

PONTIAC (AP). - Adrian Dantley scored 25 points and Isiah Thomas added 21 as the surging Detroit Pistons stopped Boston's seven-game National Basketball Association winning streak with a 119-101 victory over the Celtics on Saturday night.

The Pistons, 21-10, have won eight in a row at the Pontiac Silverdome and 12 of their last 14 overall. Boston played without starters Larry Bird and Danny Ainge, who have back injuries, but got a season-high 37 points from Kevin McHale.

Dominique Wilkins scored 32 points and Atlanta had scoring bursts of 22-8 and 12-2 to take control early as the Hawks snapped a

two-game losing streak with a 129-104 victory over the Cleveland Cavaliers.

Other results: New York Knicks 119, Sacramento Kings 115; Washington Bullets 117, Philadelphia 76ers 111; Chicago Bulls 119, New Jersey Nets 109; Houston Rockets 106, Dallas Mavericks 96; Denver Nuggets 127, Phoenix Suns 120 (in OT); Utah Jazz 105, Indiana Pacers 96; Golden State Warriors 124, Los Angeles Lakers 109.

ICE HOCKEY: Saturday night's NHL results: Philadelphia Flyers 5, Boston Bruins 4; Vancouver Canucks 2, New Jersey Devils 2 (in OT); New York Islanders 3, Toronto Maple Leafs 2; Winnipeg Jets 5, Detroit Red Wings 2; Calgary Flames 5, St. Louis Blues 2; Montreal Canadiens 5, Quebec Nordiques 2; Minnesota North Stars 4, Hartford Whalers 3; Buffalo Sabres 8, Los Angeles Kings 5.

## ENGLISH SOCCER

### Luton hold Liverpool 0-0

LONDON (Reuters). - Holders Liverpool kept their grip on the English Football Association (F.A.) Cup after surviving a searching defensive examination to earn a 0-0 draw in a tense third round tie at Luton yesterday.

But fellow-First Division aristocrats Nottingham Forest were the victims of a shock result when they were knocked out 1-0 by Second Division Crystal Palace. Striker Alan Irvine scored the winning goal for the London club in the 22nd minute to ensure their place in the fourth round.

Luton carried the match to Liverpool, but were unable to convert any of their chances on a snow-covered synthetic pitch, which made control difficult.

Striker Mick Harford hit the bar with a spectacular volley, midfielder Peter Nicholas forced goalkeeper Bruce Grobbelaar to make a

fine diving save and Craig Johnston cleared off the line when Grobbelaar fumbled a Ricky Hill cross.

In reply, Liverpool, who were without their usual vociferous support because of Luton's home members-only rule, carved out one clear opening, but Steve McManis's shot was headed off the line by Mick Donaghy.

The teams replay at Liverpool on Wednesday.

In a third tie, the second division Leeds beat minor league Telford 2-1 in the match nobody wanted to stage. It was played at West Bromwich Albion's stadium in Birmingham by order of the F.A.

The match was watched from Telford's ground on police advice. They said Leeds' notorious followers could not be safely accommodated there, and a £20,000 operation involving 300 police, some on horseback, was mounted to prevent any violence at Birmingham. But the game was played in peace.

Ian Baird scored twice for Leeds, the winner coming out 45 minutes from the end, while Colin Williams replied for Telford.

## GOLF

CARLSBAD, Cal. (AP). - Mac O'Grady survived an erratic putting effort to score a one-shot victory over Rick Fehr in the Tournament of Champions golf tournament here yesterday.

"I'm surprised no one made a really good move somewhere along the line," O'Grady said after a final round of 71, one under par, which took him to the title.

O'Grady, fined and suspended last year after a lengthy feud with PGA commissioner Deane Beman, scored his second professional triumph with a 278 total, 10 under par.

## SCOREBOARD

AMERICAN FOOTBALL: Colorado State quarterback Kelly Stoffer completed his first nine passes, including touchdown bombs of 34 and 48 yards, to lead the team to a 24-21 victory in the 62nd annual East-West Shrine Classic.

In Honolulu, all-American Jeff Jaeger of Washington, who kicked more field goals than anyone in the history of major-college football, booted a record-tying three more to lead the West to a 16-14 victory over the East in the 41st annual Hula Bowl.

FIELD HOCKEY: Holland crushed Soviet Union 4-1 while India struggled to draw with Spain 8-8 on the second day of the round robin competition during a Canada national tournament in New Delhi. South Korea downed Ivory placed Kenya by two late second half goals.

SPORTOTO  
Eleven punters got 14 right, earning NIS 42,370 each; 308 got 13, getting NIS 545; 3623 got 12 for NIS 47.50; 25, 715 got 11, for NIS 6.50.

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## Despite vast oil wealth

## Opec Arabs miss goals

THE "OIL DECADE," which during the years between 1973 and 1982 enriched the Arab Opec countries by more than a thousand billion dollars, "did not bring about the changes they expected," says Professor Gad Gilbar of Haifa University. Today, they are even more dependent on

The West's dependence on Middle East oil has turned into a dependence of the oil countries on the West's consumption of oil.

the West, less united in their pan-Arabism and their stand against Israel and their societies are in greater disarray. However, except for Iran, their regimes have proved remarkably stable.

These are some of the conclusions of a study undertaken by Gilbar, for Tel Aviv University's Dayan Centre for Middle Eastern and African Studies.

"Opec's October 16, 1973 decision to double the price of crude aroused the general expectation of a profound social and economic change in the Arab oil countries," notes the professor. "A 'new era' was foreseen for them and some even envisaged an 'oil century' in which the leading Opec members would determine the world economic and social order."

As it turned out, the West's dependence on Middle East oil has turned into a dependence of the oil countries on the West's consumption of oil and supply of technology they can get nowhere else.

Discussing the demographic processes set in motion by the oil riches, Gilbar says these were expressed mainly by the settlement of Beduin, particularly in Saudi Arabia, in cities, where they now make up the majority of the population. At the

end of the Sixties, Beduin constituted 50 per cent of the overall population of the oil states; by the end of the oil decade it had fallen to 10 per cent.

In addition, there was a massive movement of workers from Egypt, Syria, Jordan, Yemen and Sudan to the oil-rich states, reaching a peak of five million in 1982. The billions of dollars they sent home "for the first time created a real interdependence between the rich and poor economies."

THE ENORMOUS flow of dollars to the oil countries dramatically increased their consumption and brought about a quantum leap in the acquisition of sophisticated weapons. Yet despite the investment of billions of dollars on hundreds of projects, no structural change of the oil sector's relative share of the GNP by a rise in industry took place.

Gilbar sees the most significant reason for this failure in the lack of incentives, and even in negative incentives in the shape of the volume of petrodollars which the industrialized nations pressured the oil countries to recycle through massive sales of manufactured goods.

But while rapid industrial growth remained marginal, there was a marked change in the development of physical infrastructure and human resources. High quality roads, transportation, communication networks, power stations and electricity grids were built, mostly by Western experts. New cities were constructed and great investments were made in the education systems.

GILBAR CONSIDERS the latter the most impressive of all. Billions were spent on school buildings and equipment, the engagement of teachers and lecturers from Western and neighbouring Arab countries, and paying for students to go to European and American universities.

This has not only but eradicated illiteracy, but has been particu-

larly effective in raising the number of secondary-school pupils. The result of this education drive will express itself in many fields in the future, says Gilbar, and will tend to weaken pan-Arabism, with its dangers for Israel, as the educated youth become more homeland oriented.

The oil factor was not the sole cause of the crisis of Arab unity.

THE OIL DECADE'S "Eldorado effect" on the one hand brought about the revolution in Iran and on the other created "stability and continuity in the Arab oil states to a degree unknown since the Fifties," when military coups replaced some of the old regimes.

What Gilbar finds most surprising about the decade is the political features, especially the effect on Arab solidarity, the outstanding events being Egypt's separate peace with Israel and the war between Iraq and Iran, with Iran getting support from two Arab countries, Syria and Libya.

The oil factor was not the sole cause of the crisis of Arab unity, says Gilbar, but it exacerbated the differences of the economic conditions of the Arab have and have-not states.

As the poor countries' demand for a significant share of the new and unexpected riches was rejected, their attitude towards the idea of Arab unity changed sharply.

Egypt, he holds, abandoned the ideology of Arab nationalism and embarked on its new path with Israel because its calls for assistance from its wealthy Arab neighbours were refused.

The oil decade has taught that there are no short cuts. While substantial progress was made, the Arab societies are still only on the threshold of the path to attaining the goals they set themselves at the start of the decade.

## Oil use to rise in '87

PARIS (Reuter). — Oil consumption in Western industrialized countries is likely to rise in 1987 but at a slower rate than in recent years, according to International Energy Agency (IEA) forecasts released yesterday.

Oil use in the 24 member countries of the Organization for Economic Cooperation and Development (OECD) will increase by 1.5 per cent in the first nine months of this year after a 2.5 per cent rise for the year 1986 to 34.3 million barrels per day (BPD), the IEA said in its latest monthly oil market report.

Current expectations are that OECD oil consumption will rise by about 2 per cent in the first quarter of this year to 36 million BPD, slow down to a 1 per cent rise in the second quarter before picking up again in the third quarter.

The IEA report, based on the assumptions that oil product prices remained at current levels and weather patterns were normal, said second quarter consumption would be slower as companies were expected to reduce stockpiles built up last year.

The IEA noted that consumption was relatively stable in the Pacific last year while there was a 2 per cent year-on-year increase in North America and a 4 per cent rise in Europe.

But despite recent growth, OECD oil use last year was still nearly seven million BPD below the 1979 peak, mainly because of lower heavy fuel oil sales, it said.

Use of heavy fuel oil, for industry, power stations, heavy vehicles and shipping, was expected to continue to decline this year as natural gas was projected to regain much of the market it lost to heavy fuel in the U.S. and Europe in 1986.

The data suggest non-Communist world demand for Opec crude in January-March 1987 of 18.5 million BPD, market experts said. The report said total Opec crude production in fourth quarter 1986 was 16.9 million BPD.



A bagpiper and drummer, complete with busbies, parade through the Hamashbir Lazarchan department store in Dizengoff Centre in Tel Aviv yesterday - to mark the start of a British trade promotion fortnight. The company has imported \$800,000 worth of British goods which it will offer at a 20 per cent discount and market at its 20 stores nationwide. The merchandise ranges from ready-to-wear clothing from Marks & Spencer, ceramics, toys, sweets and, of course, English tea. (Israel Sun)

## Questions beg in Japhet affair

By PINHAS LANDAU  
Post Finance Reporter

As the affair over Ernest Japhet's severance pay and pension continues to develop, attention this week will probably focus on these questions:

- What was Japhet's salary in the years immediately before the bank shares crash of October 1983, and what was it in the period from that date until his contract expired in May 1986? Was it built on a basic salary component with a bonus based on the bank's profit level? How did it change, if at all, after the collapse of the bank shares and the \$70 million loss Leumi reported for 1983? Who decided it, and on what criteria?

Reports have spoken of a salary plus perks totalling as much as \$1 million, but no firm confirmation or denial has been made.

The same questions must be answered for the joint general managers, who at one stage numbered four, but were reduced to two in recent years. These last two, Yosef Rosh and Baruch Yekutieli, retired at the end of 1986, and their remuneration reportedly exceeded half a million dollars per annum. Similarly, facts are lacking regarding the pay

awarded to Mordechai Einhorn, formerly chief operating officer and, since Japhet's resignation in May 1986, chief executive officer.

- What were the terms of Japhet's new salary contract that went into effect when he reached the age of 65? In particular, interest will focus on three clauses: Did the contract provide that in the event of Japhet's being dismissed or forced to resign, he would receive the pay due to him under the contract from that date until his 70th birthday? How much severance pay was he eligible for under the contract, and at what multiple of his annual salary? And what pension terms did the contract offer him?

Reported figures: Severance pay—about \$300,000 each; pension—about \$6,000 monthly apiece.

- Did all the directors approve, or at least know of, all the terms of Japhet's and the other contracts? If not, who did? In particular, how much did Jewish Agency chairman Arye Dulzin know? Who else in the Jewish Agency was supposed to be aware of what was going on inside Bank Leumi?
- What is the formal role of Leumi's holding company, the Otzar Hityashuv Hahayudim (Jewish Colonial Trust) in overseeing and controlling Bank Leumi? Did it fulfil this role, and if not, why not?
- In the background are a host of other questions, referring to suspected skeletons in the Leumi boardroom's cupboards. These involve suggestions of deals between companies owned by present or former Leumi directors and the bank itself, conflicts of interest and use of privileged information. When the main issues pertaining to the bank itself are resolved, the spotlight will move on to these. The Bank of Israel and the bank's internal controller are already investigating these allegations.

## Swiss banks urged to tighten secrecy rules

ZURICH (Reuter). — Swiss banking authorities, embarrassed by their country's role as a centre for laundering dubious funds, said last week they had urged banks to tighten a loophole in their self-regulatory banking secrecy rules.

A spokesman for the Swiss Banking Commission, the body which regulates the banks, told Reuters it had sent a letter to the Swiss Bankers' Association late last month urging its members to restrict the potential for customers to conceal their identity.

Banks are at present obliged to find out the names of clients who deposit money with them under a 10-year-old "gentleman's agreement." However, the commission feels the agreement, due to be replaced in October, has a major loophole.

If a customer is represented by a Swiss lawyer or fiduciary agent, the bank merely needs a written assurance, the so-called "B form," that the unnamed customer is not misusing the system for criminal purposes.

"We would like the use of this B form to be drastically reduced," the commission spokesman, Kurt Hauri, said.

Hauri said the commission also said in its letter that it wanted reinsertion of a clause, dropped in

1982, obliging banks not to do business with funds they knew were associated with actions which would be criminal under Swiss law.

The clause had been dropped on the insistence of the National Bank, which felt that the point was already covered by existing Swiss law.

Hauri said the new proposals were suggestions and could not be binding. The bankers' association itself has been working since September 1986 on drawing up the new rules.

Switzerland, long accused of providing a refuge for shady funds, got more unwelcome publicity late last year with the revelation that a Swiss bank account was used to recycle money from U.S. arms sales to Iran.

Earlier in the year, the government also froze accounts here belonging to former Philippine president Ferdinand Marcos and Haiti's ousted Jean-Claude Duvalier.

Banking authorities do not admit any direct link between the planned changes and these cases, but the incidents did prompt proposals for rules to govern the country's powerful banks.

The National Bank, responsible for getting the so-called "duty of care" rules introduced in 1977 in response to a major banking scandal, refused to be party to any new agreement.

## IBM drops axe on PC sales arm

By KEN SCHACHTER  
For The Jerusalem Post

TEL AVIV. — IBM-Israel has abolished its personal computers marketing division and established a special marketing branch for industrial computers as part of a company-wide realignment, officials said.

The personal computers marketing division will be merged with the 38 series and the highly successful 36 series. The company also will form a division specifically for the sale of computer networking equipment, which allows several computers to exchange data.

The changes come in response to a sales slump in big mainframes in Israel and on the heels of similar restructuring by IBM's European operations and by the mother company in the U.S.

The computer giant, based in New York, has suffered through an industry-wide recession. For the first nine months of 1986, IBM's net income fell 12.3 per cent to \$3.4 billion.

One industry observer said the restructuring of IBM-Israel appeared to be less dramatic than that undertaken in Europe and the U.S. and probably wasn't due to market changes here.

"I don't think it's driven so much by local factors," she said.

A company official said the changes are designed to make the company "more responsive to the needs of the customer" and "to changes in the market. The market is a dynamic one."

In any case, the official said, IBM is no stranger to change.

## GENERAL ASSISTANCE

## EMERGENCY PHARMACIES

Jerusalem: Zarfat, opposite park, Gilo, 768943; Baisam, Salah Eddin, 272316; Shu'fat, Shu'fat Road, 810108; Dar Aldawa, Harod's Gate, 282058.  
Tel Aviv: Bass, 66 Frishman, 237326; Kupat Holim Clalit, 7 Amsterdam, 225142; Rafanana-Kfar Savas, Golan Centre, 198 Ahuz, Rafanana.  
Netanya: Kupat Holim Clalit, 31 Brodetsky, 91123.  
Haifa: Yavne, 7 Ibn Sina, 672288.

## DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics, E.N.T.), Hadassah Ein Kerem (internal, surgery, orthopedics, ophthalmology, Misgav Ladach (obstetrics).  
Tel Aviv: Rokah (pediatrics), Ichilov (internal, surgery).  
Netanya: Laniado

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Beersheba 74767 Nahariya 923333  
Carmiel 988555 Netanya 23333  
Dan Region 781111 Petah Tikva 9231111  
Elitz 7233 Rehovot 451333  
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Rape Crisis Centre (24 hours), for help call Tel Aviv 234819, Jerusalem — 246554, and Haifa 382611.  
Jerusalem Institute for Drug Problems, Tel. 653828, 653802, 14 Bethlehem Rd.  
The National Poison Control Centre at Rambam Hospital, phone (04) 529206, for emergency calls, 24 hours a day, for information in case of poisoning, Kupat Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

Buy Israeli products

## CROSSWORD

## ACROSS

- He takes things as he finds them (12)
- Support for Lester coming unstuck after first at Towcester (7)
- Make strong request for British cheese-spread (7)
- Impetuous outbreak (4)
- Starchy food for Dad's Army (5)
- Uncle Remus's brother? (4)
- Hot-rod driver? (7)
- Eastern beast on its back, showing plates (7)
- Cruelly attacks big pots (4)
- Bandleader with troops is mentally unsound (5)
- Suspicion of a wrinkle, perhaps (4)
- Sash-pin arranged the Castilian way (7)
- Eternal sea-legs trouble (7)
- Architect's continuous moulding of spaghetti, say? (6-8)

## DOWN

- See punk excited in lively party (5-2)
- Pier has head removed for the painter (4)
- Treatment of those people admitting blame? (7)
- British Summer Time in Rome, perhaps, or Clyde for example (7)
- Where to keep savings account for a house? (4)
- Vitamin B for former Minister of Health? (7)
- Violinist, first in place, is going backwards in the main (5-3)
- Whom to see with Pat's rheumatic prescription? (13)
- He appears in "Some Like it Hot" (5)
- Die for something from the catalogue? (5)
- Virginia with donation for tramp (7)
- Does he keep cats' eyes to himself? (4-3)
- Graphite without lead produces painful complaint (7)
- In converted van, take summer abroad—for the greenness, say (7)
- Repeated note from "La Boheme" (4)
- River sport (4)

## SCRIBBLE PAD

## YESTERDAY'S SOLUTION

SEASCAPE THOMAS  
T B A C O A U  
REASURE PRATED  
O C H T S C A  
BRUNITE PEAHEN  
E S A M B E  
C S D V I A T O R S  
ASTRONOMER  
O N T R P S E  
APPEAR STRUTTED  
R P T I P R I  
ARABIA ASPIRANT  
C G V E L I O  
TIERED PRISONER

## QUICK SOLUTION

ACROSS: 7 Banned, 8 Lieder, 10 Initial, 11 Range, 12 Ugly, 13 Small, 17 Chill, 18 Free, 22 Later, 23 Sardine, 24 Pacific, 25 Accept  
DOWN: 1 Obvious, 2 Entitle, 3 Pent, 4 Piebald, 5 Adorn, 6 Order, 9 Blameless, 14 Sh-riff, 15 Praised, 16 Beneath, 19 Slope, 20 Stick, 21 Frock

## QUICK CROSSWORD

## ACROSS

- Gentleman's personal attendant
- Manner of enunciation
- Theft
- Fruit
- Incompetent
- Bony
- Flesh part of ear
- High regard
- Largest state of U.S.
- No. of up Jane Austen
- Greek wine
- Fellowship of merchants
- Bout of overdrinking
- Current of air
- Fluent ostentatiously
- Discourage

## DOWN

- Wolf-like
- Sizeable
- Framework of splayed legs
- At Eton, boy who plays cricket football (5,3)
- User confusion
- Unlucky
- Requirements
- Sitration of coal
- Prophetic sign
- Lockjaw
- Powder
- Examiner of accounts
- Radio distress-signal
- Idiosyncrasy
- Parazon
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50 מיליון ל"א



## MARKET PLACE

## Changing the yen's channels

The collapse this week of Matsushita Corporation's agreement to make televisions for General Electric Corporation (GE) is a sign that the strong yen is hurting Japanese manufacturers, participants at the consumer electronics show in Las Vegas say.

Matsushita says it will stop supplying sets for GE to sell under its own name in the spring due to what it calls a price dispute.

Since its 1985 low, the yen has risen 66 per cent against the dollar, raising the price of Japanese products in the U.S.

Richard Meidenbauer, a representative of Toshiba, a leading electronics company, says the company is fighting back against the strong yen with product streamlining, cuts in its advertising budget and drives to lower supplier costs to maintain its share of the vital U.S. market.

Toshiba is also concentrating investments on manufacturing plants outside Japan to cut costs on products aimed at the U.S. market, Meidenbauer says.

"We have a television plant with Westinghouse in New York. We are investing millions in a chassis assembly plant in Mexico, and we are looking seriously at Korea now," he says.

Sony representatives at the Las Vegas consumer electronics show acknowledge that the steep rise in the yen is "a tough bullet to bite."

Sony hopes to make a comeback from its 43 per cent drop in fiscal 1986 earnings by manufacturing its XBR series of color televisions in South Korea and San Diego, California, Sony officials say.

William Clemis, national service manager of Samsung, a South Korean conglomerate, says "Korean companies are becoming very strong because of the strength of the yen."

"There are U.S. companies with Japanese connections that are indeed looking to South Korea for ventures that may cause severance of certain Japanese ties. I won't name these companies, but they are there (in South Korea) and they were not there a year ago," Clemis adds.

But Justin Camarero, the Matsushita representative, terms the contract rupture with GE an isolated incident. "Our negotiations came to a sudden and mutual conclusion," he says. "They (GE) had a lot of conflict because of the yen."

The Japanese are not pulling out of the consumer electronics business. If there is a trend, it is toward internationalization of all corporations," he says.

Although Matsushita plans to phase out its production of GE televisions this spring, Matsushita's Vancouver plant is still slated to make a limited line of video cassette recorders for GE as well as Camcorders or portable video cameras, says William Smith, general manager of GE's consumer electronics products department.

GE, which acquired RCA 13 months ago, has vowed to keep its options open as it looks for another low-cost television supplier. It may have already found one, in the South Korean company Goldstar, industry sources say.

"The nature of the television business is an international game, you play or you don't play...we are considering a variety of options," says Smith.

## MIZRAHI

(Continued from Page One)

shares. When informed of this sale, Lavi was summoned to Meir's office where the two concluded that Lavi would rebuy the shares in exchange for a secret Bank Mizrahi undertaking to purchase them, at any time, at the previous day's prices.

"This deal was unreasonable and dangerous to the bank," reads the charge sheet. It is further alleged that Meir knowingly and "with intent to commit fraud" - did not report the deal to the bank's board of directors, nor was it recorded in bank records.

The charge sheet further states that funds of Mizrahi clients were illegally diverted to "Shuruti Ziyud" in an attempt to conceal the deficits caused by the massive purchase of Lavi's shares.

The charge sheet contains a list of 39 witnesses for the prosecution, including senior Treasury and Securities Exchange officials, as well as directors and senior officials of Mizrahi.

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## House Search Tips... From Laurence.

What does your rent include? Your rent does not normally include electricity, heating, air conditioning, upkeep or telephone. The telephone is on your landlord's name and he is responsible if you do not pay. You will have to provide a bank guarantee or a resident's relative, or friend to guarantee the telephone and other bills. Reach an understanding with your landlord, when, how and if your apartment can be shown to prospective buyers, otherwise you may be locked in at inconvenient times. DON'T HAVE A FOOT SORE IN ISRAEL. CANADIAN INTERCONTINENTAL knows the standards you expect. Tel. 03-286222, ext. 305.

(Continued from Page One)

At Leumi's corporate headquarters on Yehuda Halevi Street, the remaining available members of the bank's board gathered at about 6 p.m. for what was expected to be a short board meeting followed by a press conference announcing its mass resignation. It was on this basis that the central bank had invited the press to hear Governor Michael Bruno and Examiner of Banks Galia Maor explain their next moves in the crisis.

Present at the Leumi meeting, in addition to Hurwitz, were directors Yehzekel Har-Melech, Aharon Ben-Ezer, and Prof. Pinhas Susman, as well as Jewish Agency chairman Arye Dultzin, the bank's governor, who is not a formal board member.

Three other directors, Yosef Pecker, Micha Efrati and Amnon Goldenberg, resigned in recent days; and three others - Yitzhak Mittelman of Itzhak Industries, Morton Mandel, an American-Jewish leader from Cleveland, Ohio, and Dr. Felix Zandman president of Vishay Industries in the U.S. - were all abroad.

Har-Melech told reporters on his arrival that he had decided to resign. "I would have to hear some very convincing arguments to make me change my mind," he said, noting that he believed he was not the only director who intended to resign at the meeting.

However, when Hurwitz finally emerged to meet the press at 8:15 it transpired that events had taken quite unexpected course.

Leumi's chairman stated that,

## SHAMIR

when he returned late Saturday from Austria, he had already made up his mind to leave his post. By 7:30 yesterday morning he had his letter of resignation ready, although he continued to rephrase it during the day.

During the boardroom discussion, Hurwitz was nevertheless moving in the direction of resigning. But at 7:45, Vice Premier Peres joined the list of leading figures, including industrialists and economists, who were calling to urge Hurwitz not to go. Peres told Hurwitz, "One can't leave in an hour of crisis."

This led to the interim decision whereby the directors would rethink their stands, individually and collectively, on the issue. But Hurwitz left the clear impression that the resignations had been postponed rather than averted.

"Out of respect for the premier and the vice premier, we have defer-

red any decision," he said. But "we all want, indeed desire, to resign. The feeling in my heart, as well as the public's wish, is that I should return to the 'cosy place' whence I came."

Hurwitz refused to answer a question on the pension awarded ex-chairman Ernest Japhet, saying that he preferred to leave that until after his resignation. Asked what directors who were patently tired of their jobs could achieve for the bank, Hurwitz replied: "Our position is difficult, even intolerable. The heads of the bank are also human beings."

A Leumi source told *The Post* that the internal committee demanded by Bruno to investigate the severance and pension terms awarded Japhet would start working tomorrow. The independent outside personality who would advise the committee on legal and public aspects of its work had been found, claimed the source, who refused to give a name.

## JAILED

(Continued from Page One)

question. He added that her gross monthly pay was \$4,000, while that of the bank's previous managing director was \$12,000.

Three rabbis - Avraham Ravitz of Or Sameach yeshiva, businessman Haim Yitzhak Cohen and Yitzhak Rabag, secretary of the Jerusalem Religious Council - testified as character witnesses on behalf of Monsah. They described the accused, who is observant, as someone who is dedi-

cated to raising funds for the needy and to working to alleviate the plight of agunot (deserted women whose husbands will not or are unable to grant them a divorce).

Before sentence was passed, Monsah told the court: "I regret my actions and beg for the court's mercy."

The judges noted that "the severity of the deeds undoubtedly warrants a heavier sentence than that agreed to in the plea bargain."

## Tel Aviv Stock Exchange

## MARKET STATISTICS

## Indices:

|                     |              |
|---------------------|--------------|
| General Share Index | 99.46+0.06%  |
| Non-Bank Index      | 100.61-0.46% |
| Arrangement         | 98.64+0.39%  |
| Insurance           | 98.27-1.25%  |
| Commerce, Services  | 101.14-0.96% |
| Real Estate         | 101.07-0.18% |
| Industrials         | 100.48-0.39% |
| Textiles            | 100.74-0.61% |
| Metals              | 100.62-0.45% |
| Electronics         | 102.51+0.30% |
| Chemicals           | 99.16-0.34%  |
| Industrial Invest.  | 100.33-0.52% |
| Investment Cos.     | 100.68-0.39% |
| General Bond Index  | 103.37+2.58% |
| Index-linked Bonds  | 103.29+2.49% |
| Fully-linked        | 104.03+3.23% |
| Partially-linked    | 102.11+1.34% |
| Dollar-linked Bonds | 104.04 +3.26 |
| Short-term 0-2 yrs  | 102.16+1.44% |
| Medium-term 2-5 yrs | 103.55+2.81% |
| Long-term 5+ yrs    | 105.29+4.52% |

## Turnovers:

|                |                |
|----------------|----------------|
| Shares - total | NIS 30,418,800 |
| Arrangement    | NIS 12,365,900 |
| Non-bank       | NIS 18,052,900 |
| Bonds - total  | NIS 14,090,900 |
| Index-linked   | NIS 3,956,100  |
| Dollar-linked  | NIS 1,719,000  |
| Treasury Bills | NIS 11,721,400 |

## Share Movements:

|                |           |
|----------------|-----------|
| Advances       | 276 (200) |
| of which 5% +  | 91 (37)   |
| "buyers only"  | 2 (1)     |
| Declines       | 16 (28)   |
| of which 5% +  | 3 (0)     |
| "sellers only" | 0 (0)     |
| Unchanged      | 87 (139)  |
| Trading Halt   | 38 (40)   |

## Bond Market Trends:

|                 |             |
|-----------------|-------------|
| Index-linked    | Rises to 4% |
| 3% fully-linked | Rises to 4% |

## 4.25% fully-linked

|                |             |
|----------------|-------------|
| 80% linked     | Rises to 4% |
| Double-linked  | Rises to 2% |
| Dollar-linked: |             |
| Admon          | Rises to 4% |
| Rimon          | Rises to 5% |
| Gilboa         | Rises to 6% |
| For Curr.      |             |
| denominated    |             |
| Treasury Bills | Rises to 2% |
| (annual yield) | 21.3-22.1%  |

## Arrangement yields:

|              |        |
|--------------|--------|
| IDB ord.     | 12.05% |
| Union 0.1    | 13.15% |
| Discount A   | 13.58% |
| Mizrahi r.   | 12.49% |
| Hapoalim r.  | 12.06% |
| General A    | 13.08% |
| Leumi stock  | 12.58% |
| Fin. Trade 1 | 10.27% |

## SELECTED PRICE QUOTATIONS

| Name         | Price | Volume | %     |
|--------------|-------|--------|-------|
| Meir Ezra    | 1455  | 1860   | -     |
| Supersol 2   | 6850  | 4666   | +5.4  |
| Delak r.     | 3890  | 5230   | +3.6  |
| Lighterage   | 15500 | 115    | +9.2  |
| Cold Storage | 1344  | 1465   | -9.7  |
| Dan Hotels   | 1610  | 310    | +3.1  |
| Yarden Hotel | 2850  | 174    | +19.0 |
| Hilton       | 23850 | 24     | +10.0 |
| Team 1       | 1030  | 2850   | +3.0  |

## Commercial Banks

|                             |       |       |      |
|-----------------------------|-------|-------|------|
| (not part of "arrangement") |       |       |      |
| Maritime                    | 1350  | 5066  | +3.8 |
| General non-arr.            | 22200 | 152   | +3.3 |
| First Int'l                 | 4100  | 8097  | +9.0 |
| FBI                         | 4880  | 10563 | +5.1 |

## Commercial Banks

|                         |        |      |      |
|-------------------------|--------|------|------|
| (part of "arrangement") |        |      |      |
| IDB                     | 57300  | 2910 | +3.4 |
| Union 0.1               | 54080  | 943  | +1.2 |
| Discount                | 110200 | 559  | +1.9 |
| Mizrahi                 | 35820  | 4155 | +2.8 |
| Hapoalim r.             | 39530  | 6918 | +2.5 |
| General A               | 149700 | 50   | -    |
| Leumi 0.1               | 37500  | 4714 | +1.6 |
| Fin. Trade              | 51550  | 12   | +4.0 |

## Mortgage Banks

|                |       |     |      |
|----------------|-------|-----|------|
| Leumi Mort. r. | 7890  | 774 | +4.8 |
| Dev. Mort.     | 2656  | 883 | +6.4 |
| Mishkan r.     | 2620  | 607 | -    |
| Tefahot r.     | 17300 | 109 | +8.8 |
| Meirav r.      | 6950  | 309 | +5.6 |

## Financial Institutions

|                  |            |    |   |
|------------------|------------|----|---|
| Agric. Co.       | no trading |    |   |
| Ind. Dev. DD     | no trading |    |   |
| Clal Leasing 0.1 | 19099      | 40 | - |

## Insurance

|               |      |       |      |
|---------------|------|-------|------|
| Ararat 0.1 r. | 1436 | 700   | -    |
| Hanah r.      | 354  | 79909 | +5.0 |
| Phoenix 0.1   | 825  | 10264 | +3.4 |
| Hamishmar     | 8810 | -     | -    |
| Menorah 1     | 2100 | 85    | -    |
| Sahar 1       | 5255 | 282   | +3.0 |
| Zion Hold. 1  | 9550 | 32    | +2.1 |

## Trade &amp; Services

|              |       |      |       |
|--------------|-------|------|-------|
| Meir Ezra    | 1455  | 1860 | -     |
| Supersol 2   | 6850  | 4666 | +5.4  |
| Delak r.     | 3890  | 5230 | +3.6  |
| Lighterage   | 15500 | 115  | +9.2  |
| Cold Storage | 1344  | 1465 | -9.7  |
| Dan Hotels   | 1610  | 310  | +3.1  |
| Yarden Hotel | 2850  | 174  | +19.0 |
| Hilton       | 23850 | 24   | +10.0 |
| Team 1       | 1030  | 2850 | +3.0  |

## Real Estate, Building and

|               |                 |
|---------------|-----------------|
| Azorim        | 92532693+4.5    |
| Elion         | 610 10280 +4.8  |
| Alfa Real 0.1 | 41800 1080 +5.1 |
| Dankner       | 4848 110 -      |
| Prop. & Bldg. | 3870 8505 +4.5  |
| Bayshore 0.1  | 5400 3385 +5.1  |
| ILDC r.       | 67000 415 +3.2  |
| Rasco r.      | 7370 -          |
| Mehadrin      | 8270 330 +3.0   |
| Haderim       | 1405 1529 +2.2  |

## Industrials

|               |            |       |       |
|---------------|------------|-------|-------|
| Dubek         | 4710       | 3150  | +2.6  |
| Pr-Ze 1       | no trading |       |       |
| Sunfrost      | 13200      | 351   | +10.0 |
| Elite         | 18600      | 163   | -     |
| Adgar         | 595        | 10056 | +4.4  |
| Argaman r.    | 18800      | 167   | +9.9  |
| Delta G 1     | 3531       | 4240  | +10.0 |
| Maquette 1    | 5250       | 394   | +5.0  |
| Eagle 1       | 21450      | 72    | +9.2  |
| Pogal         | 14700      | 1564  | +4.9  |
| Schoellerline | 14700      | 147   | +5.0  |
| Rogoshin      | 2650       | 1016  | +5.2  |
| Urdan 0.1 r.  | 7487       | 372   | +2.7  |
| Is. Can Co. 1 | 3260       | 7168  | +5.2  |
| Zion Carbides | 2201       | 674   | +2.7  |
| Pecker Steel  | 15000      | 151   | +0.7  |
| Elbit         | 429000     | 40    | +4.1  |

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## EEC currency talks deadlocked

BRUSSELS (Reuters). - European Community finance ministers broke their talks for dinner last night with no agreement in sight on realigning the European Monetary System (EMS), strained by turbulence in foreign exchange markets, diplomats said.

They blamed the impasse after more than five hours of talks on problems posed by small countries such as Denmark and Belgium insisting they should move with proposed revaluations of the West German mark and the Dutch guilder.

While almost all agreed in principle that the French franc should remain unchanged and the two strongest EMS currencies be up-valued by some 3 per cent, some smaller countries want increases of around 1 per cent, they said.

The diplomats said the most serious problem appeared to be the Danish kroner, with several states

insisting there is no economic justification for its revaluation.

Diplomats said that Ireland - which had accepted that its currency should remain unchanged along with the French franc and Italian lira - was now insisting on a revaluation if one is given to Denmark.

The ministers came here to reshuffle the eight currencies within the EMS in a bid to calm agitated markets that have sent the value of the West German mark soaring and depressed the French franc and other weaker EMS currencies.

EC diplomats stressed that the talks had not broken down and that the ministers would resume their plenary session shortly. They said the ministers were apparently agreed on a realignment but were mostly worried about the political consequences for their governments.

## FINANCIAL DATA - ISRAEL, EUROPE, U.S.

## ISRAEL MONEY MARKETS

**SHEKEL INTEREST RATES**  
PRIME BORROWING RATE: 1.58% per month  
Unlinked Deposit (Annual Rates)

|           | Last Updated | Tapas    | Pakam 7-Day | Pakam 30-Day |
|-----------|--------------|----------|-------------|--------------|
| LEUMI     | 15.12        | 8-17.75% | 9-18.50%    | 12-18.75%    |
| HAPAOALIM | 17.12        | 7-16.00% | 8-16.20%    | 14-18.50%    |
| DISCOUNT  | 1.12         | 8-17%    | 6-17.50%    | 6-19.50%     |
| MIZRAHI   | 11.11        | 10-16%   | 11-17.00%   | 13-18.50%    |

Rates vary according to size of deposit.  
(Tapas: demand deposit paying daily interest.  
Pakam: fixed-term deposit available from 7 to 59 days.)

## PATAH - FOREIGN CURRENCY DEPOSIT RATES

| MINIMUM DEP          | 3-MONTHS | 6-MONTHS | 12-MONTHS |
|----------------------|----------|----------|-----------|
| USD (\$100,000)      | 5.500    | 5.375    | 5.375     |
| STG (100,000 pounds) | 9.500    | 9.500    | 9.500     |
| DMK (100,000 marks)  | 3.750    | 3.750    | 3.750     |
| SFR (50,000 francs)  | 2.750    | 2.750    | 3.000     |
| YEN (3,000,000 yen)  | 2.875    | 2.750    | 2.750     |

Rates vary according to size of deposit and are subject to change.

## SHEKEL FOREIGN EXCHANGE RATES (January 9)

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